

## FRANCHISE DISCLOSURE DOCUMENT



RITA'S FRANCHISE COMPANY, LLC  
a Delaware Limited Liability Company  
1210 NORTHBROOK DRIVE, SUITE 310  
TREVOSE, PA 19053  
1-800-677-7482  
[www.ritasice.com](http://www.ritasice.com)

The franchise will operate a Rita's shop featuring a menu of Italian ice, frozen custard and other approved menu items sold under the trade name "RITA'S ICE-CUSTARD-HAPPINESS."

The total investment necessary to begin operation of a standard Rita's shop is between \$194,863 and \$528,061. These figures include between \$55,000 to \$64,500 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of an express Rita's shop is between \$121,335 and \$311,400. These figures include between \$33,000 to \$35,000 that must be paid to the franchisor or its affiliate. If you enter into an agreement for a standard Rita's shop, we may offer you the opportunity to enter into an addendum to operate a Rita's satellite shop and/or a Rita's mobile unit. The total investment necessary to begin operation of a Rita's satellite shop is between \$131,550 and \$298,900. These figures include between \$29,000 to \$34,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of a Rita's mobile unit is between \$21,600 and \$119,000. These figures include between \$10,000 to \$13,000 that must be paid to the franchisor or its affiliate.

We also offer development rights for standard Rita's shops and express Rita's shops. The development fee for the first shop developed is \$35,000 for a standard Rita's shop or \$15,000 for an express Rita's shop, and the development fee is reduced for each additional Rita's shop developed under the development agreement. The development fee must be paid in full to the franchisor when the development agreement is signed.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rita's Franchise Company, LLC, Franchise Department, at 1210 Northbrook Drive, Suite 310, Trevose, PA 19053 and (800) 677-7482.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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 "Buying a Franchise. A Consumer Guide," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](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.

Issuance Date: April 5, 2021.

## HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Rita's shop in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Rita's franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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 to the Franchise Disclosure Document. See the Table of Contents for the location of the State-Specific Addenda to the Franchise Disclosure Document.

## Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by arbitration only in the city nearest to the franchisor's principal place of business (currently Philadelphia). Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in Pennsylvania 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.

## Michigan Disclosure

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (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 five (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 six (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 the 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, the franchisor shall, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations 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.

\* \* \* \*

**THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.**

\* \* \* \*

Any questions regarding this notice should be directed to:  
State of Michigan Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 W. Ottawa Street  
Lansing, Michigan 48909  
(517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement and Development Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing the arbitration provisions. You acknowledge that we will seek to enforce that section as written.

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### Exhibits

A	Rita's Franchise Agreement
B	Rita's Satellite Shop Addendum
C	Rita's Mobile Unit Addendum
D	Rita's Development Agreement
E	Sample General Release
F	Table of Contents of Manuals
G	List of Current and Former Franchisees and Current and Former Developers
H	Financial Statements
I	List of Administrators
J	Agents for Service of Process
K	Franchisee Compliance Certification
L	State-Specific Addenda to the Franchise Disclosure Document
M	State Effective Dates
N	Receipts

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

### **Franchisor**

The franchisor is Rita's Franchise Company, LLC ("we," "us," or "our"). This Disclosure Document will refer to the person or entity that buys the franchise from us as "you" or "your," and the term includes your partners if you are a partnership, your members if you are a limited liability company or your shareholders if you are a corporation.

We are a Delaware limited liability company that was formed in October 2016. We do business under our company name and maintain our principal business address at 1210 Northbrook Drive, Suite 310, Trevoze, Pennsylvania 19053. Our agents for service of process are disclosed in Exhibit J to this Disclosure Document. We were originally formed under the name RWIFC Acquisition, LLC and, in January 2017, we changed our name to our current name. We have offered franchises for Rita's shops since January 2017. We do not operate Rita's shops. We have never operated a business of the type being franchised in this Disclosure Document, and we have never engaged in any other business activity nor offered franchises in any other lines of business.

On December 30, 2016, under the terms of an asset purchase agreement, we purchased from Rita's Holdings, LLC and its subsidiaries (each, a "**Predecessor Entity**" and collectively, the "**Predecessor Entities**") substantially all of their assets, including all franchise agreements, development agreements, area developer agreements, trademarks, service marks and other intellectual property, that comprise the Rita's franchise system (the "**System**") and the Rita's brand (the "**Asset Transaction**"). As a result of the Asset Transaction, we became the franchisor of the System and we now offer and sell franchises in the United States and internationally.

### **Parent and Affiliates**

We are a wholly-owned subsidiary of RWIFC Holdings, LLC ("**Parent**"), a Delaware limited liability company formed on October 24, 2016. Parent's principal business address is 950 W. Valley Road, Suite 2900, Wayne, PA 19087. Parent is owned by various individual investor groups established by the private equity groups Argosy Private Equity Group located at 950 West Valley Road, Suite 2900, Wayne, PA 19087 and MTN Capital Partners located at 489 Fifth Avenue, 24th Floor, New York, NY 10017. Parent and the investor groups are not affiliated with any businesses which currently offer franchises or offer to sell goods or services to our franchisees. Parent guarantees our performance under our franchise agreements and developer agreements offered under this Disclosure Agreement under the terms of the guarantee of performance attached as Exhibit H to this Disclosure Document.

RWI Franchise Corp. ("**RWI**"), a Delaware corporation, is a wholly-owned subsidiary of Parent. RWI owns a .5% ownership interest in us, and we are a wholly-owned subsidiary of Parent through their direct and indirect interest in us. RWI's principal business address is 950 W. Valley Road, Suite 2900, Wayne, PA 19087.

Rita's Stores, LLC ("**Rita's Stores**"), a Delaware limited liability company, is a wholly-owned subsidiary of Parent. Rita's Stores, LLC was formed for the purpose of operating our Rita's mobile truck and any other Rita's shops that we may develop or acquire in the future. Rita's Store's principal business address is 1210 Northbrook Drive, Suite 310, Trevoze, Pennsylvania 19053.



Since the Acquisition, our affiliate, RGCC, LLC (“**RGCC**”), a Pennsylvania limited liability company, has handled the administration of the Rita’s gift card program. RGCC maintains its principal business address at 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania 19053. Prior to December 2016, the Rita’s gift card program was handled by the Predecessor Entity, Rita’s Gift Card Company, LLC, a Pennsylvania limited liability company. RGCC has never operated a business of the type being offered in this disclosure document or offered franchises in this or any other line of business.

None of our affiliates has offered franchises for the business described in this Disclosure Document. Except as described in this Item 1 of this Disclosure Document, we have no other parents, predecessors or affiliates that must be included in this Item 1 of this Disclosure Document. In 2019, the fiscal year end for Parent, RWI, Rita’s Stores, RGCC and us was changed to September 30.

### **Our Predecessors**

The Predecessor Entities included Rita’s Water Ice Franchise Company, LLC (“**Immediate Predecessor**”) which was the franchisor for the System directly prior to the Acquisition. Immediate Predecessor was originally formed in April 2005 as a Delaware limited liability company under the name Ice Acquisition, LLC. On May 3, 2005, Rita’s Water Ice Franchise Corp. and its affiliates were merged into Immediate Predecessor, and Immediate Predecessor then changed its name to Rita’s Water Ice Franchise Company, LLC. From January 2009 to December 2016, Immediate Predecessor also operated under the name Rita’s Franchise Company. On November 30, 2011, Immediate Predecessor was acquired by the Predecessor Entity, Rita’s Holdings, LLC, a Delaware limited liability company. After our Acquisition of the System in December 2016, the Predecessor Entities changed their names as follows: (i) Immediate Predecessor changed its name to Project Rayban Franchise Company, LLC, (ii) Rita’s International Franchise Company, LLC changed its name to Project Rayban International Franchise Company, LLC, (iii) Rita’s Water Ice Real Estate Company, LLC changed its name to Project Rayban Real Estate Company, LLC, and (iv) Rita’s Gift Card Company, LLC changed its name to Project Rayban Gift Card Company, LLC.

Our predecessors offered franchises of the type being offered in this Disclosure Document from May 1989 through December 2016, and they never engaged in any other business activity nor offered franchises in any other lines of business. Our predecessors never operated a business of the type being franchised in this Disclosure Document, but Immediate Predecessor’s affiliate, Rita’s Properties, Inc. (f/k/a Rita’s Water Ice, Inc.), operated a Rita’s Water Ice business from 1984 until August 2003. In August 2003, that business was transferred to Rita’s Operations, Inc., which operated the business until 2007. From 2007 through 2012, Rita’s Water Ice Real Estate Company, LLC (“**RWIREC**”), another affiliate of Immediate Predecessor, operated businesses of the type being offered in this Disclosure Document. Rita’s Properties, Inc., Rita’s Operations, Inc. and RWIREC have not offered franchises in this or any other line of business.

The historical information in this Disclosure Document for the periods prior to December 30, 2016 was prepared and provided by Immediate Predecessor.

### **The Franchise**

Rita’s shops operate under the System and sell our proprietary products including Italian ice, frozen custard, frozen desserts and drinks, toppings, frozen novelties, and other food and beverages items, as well as proprietary gift products and a limited selection of complementary and compatible products, including non-proprietary gift products, approved by Company (collectively, the “**Menu Items**”). The Menu Items

consist of (i) items made with our proprietary products and our proprietary products that are ready to be resold to customers (collectively, the “**Rita’s Products**”); and (ii) a limited selection of items made with our approved complementary and compatible products and our approved complementary and compatible products ready to be resold to customers (collectively, the “**Non-Proprietary Products**”). Menu Items, Rita’s Products and Non-Proprietary Items are collectively referred to as the “**Products**.”

The distinguishing characteristics of the System include distinctive exterior and interior design, decor, color schemes, fixtures and furnishings; standards and specifications for products, equipment, materials and supplies; uniform standards, specifications and procedures for operations; procedures for inventory and management control; training and assistance; proprietary equipment; and marketing and promotional programs. All elements and characteristics of the System may be changed, improved and further developed by us. Rita’s shops operate according to our (i) Confidential Operating Manuals (the “**Manuals**”), (ii) mandatory and suggested specifications, standards, operating procedures, and rules (“**System Operating Standards**”), and (iii) business formats, methods, signs, designs and layouts for the System. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin as we designate now and in the future, including the mark “**RITA’S ICE-CUSTARD-HAPPINESS**” and other marks (the “**Proprietary Marks**”). Rita’s shops may engage in the sale of bulk Menu Items that are picked up by the customer or delivered to customers’ homes, specialty parties, weddings, office events and other locations for consumption (“**Catering Activities**”). Catering Activities must be conducted in accordance with the Manuals, Franchise Agreement and written authorization by us.

## **Description of Franchise Offering**

### **Shops**

We offer franchises to individuals and entities to operate Rita’s shops under the System. The term “**Shop**” will refer to both standard Rita’s shops (“**Standard Shops**”) and express Rita’s shops (“**Express Shops**”). You will operate the Shop under the terms of a franchise agreement, the current form of which is attached as Exhibit A to this Disclosure Document (the “**Franchise Agreement**”). The Franchise Agreement will grant you a territory (the “**Territory**”). Standard Shops must offer the full assortment of Menu Items we designate for Standard Shops, and Express Shops must offer the full assortment of Menu Items we designate for Express Shops. Express Shops operate at unique locations (such as highway rest stops, parks, universities, sports arenas, convention centers, airports, transportation terminals, theme parks, military bases and other similar types of locations) and we require less Menu Items for Express Shops than we require for Standard Shops. However, each Express Shop must be self-contained and have a production area. Shops are either (i) year around shops that operate all year (“**Year Around**”) or (ii) seasonal shops that operate during a period designated by us in the Manuals (“**Seasonal**”). We may change the required operating period for Seasonal shops. The Franchise Agreement will designate whether the Shop is Year Around or Seasonal based on what you and we agree upon prior to signing the Franchise Agreement. In making that determination, the operations period for Rita’s Shops where you will operate will be considered by us.

### **Satellites**

If you own a Shop and meet certain criteria, we may offer you the opportunity to establish and operate a satellite shop (“**Satellite**”) supported by the Shop. The Satellite is supported by the Shop’s production capability and will sell approved Menu Items for Satellites (“**Satellite Menu Items**”). If we grant you the right to operate a Satellite, you must sign the Satellite Addendum (the “**Satellite Addendum**”) to the Franchise Agreement and pay us a fee. The current form of the Satellite Addendum is attached as

Exhibit B to this Disclosure Document. We do not offer the opportunity to operate a Satellite to any party that does not operate a Shop and is not in full compliance with their Franchise Agreement.

### Mobile Unit

If you own a Shop and meet certain criteria, we may offer you the opportunity to operate a mobile unit (“**Mobile Unit**”) supported by the Shop. A Mobile Unit is an approved special, freestanding mobile unit (including kiosks, trailers, and trucks), which is decorated to meet our specifications. The Mobile Unit is supported by the Shop’s production capability and will sell approved Menu Items for mobile units (“**Mobile Menu Items**”). If we grant you the right to operate a Mobile Unit, you must sign the Mobile Addendum (the “**Mobile Addendum**”) to the Franchise Agreement and pay us a fee. The current form of the Mobile Addendum is attached as Exhibit C to this Disclosure Document. The Mobile Addendum will grant you the right to operate a Mobile Unit. We do not offer the opportunity to operate a Mobile Unit to any party that does not operate a Standard Shop or is not in full compliance with their Franchise Agreement.

Under the Mobile Addendum, your Mobile Unit may engage in approved off-premises special events, activities or sales, including specialty parties, festivals and business events (“**Mobile Events**”) in the Territory for the Shop. A Mobile Event is any event where there are multiple customers that pay individually for Mobile Menu Items sold at the event site. You may not use a Mobile Unit at any event site (including Mobile Events and Catering Activities) unless you have submitted to us a request for approval (“**Mobile Event Request**”) and we have approved the Mobile Event Request.

### Development Agreement

We also offer a development agreement (the “**Development Agreement**”) to qualified, multiple unit operators, who will commit to developing a minimum of three Shops. The current form of the Development Agreement is attached as Exhibit D to this Disclosure Document. If you sign a Development Agreement, we will grant you the right to establish an agreed-upon number of Shops within a specified area (the “**Development Search Area**”). Each Shop will operate under the terms of a separate Franchise Agreement. You must obtain site authorization for each Shop site and establish each Shop under a development schedule that will be attached as an exhibit to the Development Agreement (the “**Development Schedule**”). The Franchise Agreement for the first Shop to be developed under the Development Schedule will be in the form attached as an exhibit to the Development Agreement. The Franchise Agreement for each Shop you later develop will be in the form of the Franchise Agreement we are offering to new franchisees under the System at the time you exercise your development rights for each particular Shop.

### Area Representative Businesses

Immediate Predecessor previously offered area developer agreements to operators (“**Area Developers**”) who committed to providing recruiting services to find franchises for Shops in a designated area (“**Area Representative Businesses**”). Area Developers operate each Area Representative Business under the terms of an area developer agreement. Area Developers are not authorized to make sales or negotiate the terms of any Franchise Agreement and/or Development Agreement. Since the Acquisition, we have not offered franchises for Area Representative Businesses and we have no current intent to offer franchises for Area Representative Businesses. Currently, we have authorized Area Representative Businesses in Alabama, Florida, and Michigan. If you are located in one of these states, an Area Developer may be involved in recruiting you, and/or other franchises in that area or assisting in supporting the Shop and/or Satellite.

## **Market and Competition**

The general market for retail businesses featuring frozen confections is well-developed and competitive based on factors such as location, price, service and product quality. The market for your products and services is the general public. The retail sale of Italian ice and frozen confections may experience sales levels that are sensitive to local weather conditions and temperature. Shops located in enclosed malls may be less affected by these conditions, but may still experience seasonal trends. We urge you to consult your own independent business advisors to evaluate these and other factors before deciding to invest in a Shop, Satellite and/or Mobile Unit.

The number of shops and restaurants offering frozen confection products has increased recently and is expected to continue to increase rapidly. The Shop, Satellite and/or Mobile Unit will be competing against other national and local businesses featuring Italian ice, frozen custard and other frozen confections, such as ice cream and frozen yogurt, as well as supermarkets, convenience stores and fast food restaurants which offer similar items and services to the general public. The Shop, Satellite and/or Mobile Unit may also compete against other Rita's shops and other points of distribution. The food service business is highly competitive in price, service, business location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population and traffic patterns.

We do not currently use other channels of distribution (such as direct sales to grocery stores, convenience stores or other methods of distribution) for the Products other than Rita shops; however, we reserve the right to do so in the Franchise Agreement.

## **Industry-Specific Laws and Regulations**

Your franchised business will be subject to various federal, state, and local laws and regulations affecting the Shop, Satellite and/or Mobile Unit. You must comply with all local, state and federal laws that apply to businesses generally (including the Fair Labor Standards Act, workers' compensation, Occupational Safety and Health Administration regulations, Equal Employment Opportunity Commission regulations, Americans with Disabilities Act, laws prohibiting discrimination and sexual harassment, environmental laws, and laws and regulations on citizenship or immigration status). You must also comply with state and local laws governing various matters, such as sanitation, health, zoning, smoking, minimum wage, overtime, and other working conditions and laws relating to state and local taxes. Some states require that employees' citizenship/immigration status be verified through the Department of Homeland Security's E-Verify program. Increases in minimum wage requirements can increase your labor costs and affect your bottom line. You must also ensure that your point-of-sale system and any other equipment responsible for processing credit and debit card transactions are in compliance with the most current Payment Card Industry standards.

In addition, you must comply with all local, state and federal laws applicable to food service establishments, in particular, regulations applicable to establishments that process and sell frozen treats, custards and dairy products. These include, licensing, health, sanitation, safety, fire, insecticides, packaging and use, storage and disposal of waste (including laws requiring recycling and regulating the use of certain types of containers and other materials potentially harmful to the environment). Various federal and state agencies, including the U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health and sanitation agencies have regulations related to the preparation of food and the condition of restaurant facilities. The operation of the Shop and/or Satellite may require a license for preparing and serving food on-premises. The operation of a Mobile Unit may require a license for preparing and serving food off-premises. Various state and local laws may require the testing of products sold at the Shop, Satellite and/or Mobile Unit on a periodic basis, either on the premises or at an outside laboratory. You

will be required to comply with “Truth in Menu” laws (concerning menu item names, product labeling and nutritional claims).

We do not assume any responsibility for advising you on these regulatory or legal matters. You should investigate the application of these laws further and consult with your attorney about laws and regulations that may affect the Shop, Satellite and/or Mobile Unit.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Chief Executive Officer and President: Linda Chadwick**

Linda Chadwick was appointed our Chief Executive Officer and President in August 2017 and she has served in the same role for Rita’s Stores since its formation in March 2019. From March 2015 to July 2017, Ms. Chadwick served as the Chief Executive Officer and President of Dessange Group North America, Inc. and its subsidiaries (including Fantastic Sams Franchise Corporation) in Beverly, Massachusetts. From September 2013 to July 2017, Ms. Chadwick was the President of Fantastic Sams International, Inc. and its subsidiaries in Beverly, Massachusetts.

### **General Counsel and Chief Compliance Officer: Gerald C. Wells**

Gerald Wells was appointed our General Counsel and Chief Compliance Officer in November 2017 and he has served in the same role for Rita’s Stores since its formation in March 2019. From September 2014 to November 2017, Mr. Wells served as the General Counsel, Secretary and Director of Dessange Group North America, Inc. and its subsidiaries (including Fantastic Sams Franchise Corporation) in Beverly, Massachusetts and, from July 2017 to October 2017, Mr. Wells served as the Interim President of Dessange Group North America, Inc. and its subsidiaries. From March 2013 to August 2014, Mr. Wells was a partner at Quarles & Brady LLC in Washington, District of Columbia and, from July 2006 to March 2014, Mr. Wells was a partner at DLA Piper LLP (US) in Atlanta, Georgia.

### **Senior Vice President of Operations: Peter Jurta**

Peter Jurta was appointed our Senior Vice President of Operations in September 2019. From January 2015 to September 2019, Mr. Jurta served as Executive Vice President of Operations at Villa Pizza, LLC in Morristown, New Jersey. From April 2013 to January 2015, Mr. Jurta served as Senior Vice President of Operations for Villa Pizza, LLC in Morristown, New Jersey. From January 2010 to April 2013, Mr. Jurta served as Vice President of Operations for Villa Pizza, LLC in Morristown, New Jersey.

### **Senior Director of Franchise Sales: Lori Shaffron**

Lori Shaffron was appointed our Senior Director of Franchise Sales in March 2019. From January 2018 through February 2019, Ms. Shaffron served as Vice President of Sales & Development for SandFree Systems in Ardmore, Pennsylvania. From December 2017 to January 2018, Ms. Shaffron was an independent consultant. From March 2014 through November 2017, Ms. Shaffron was Vice President of Franchise Development for Handyman Matters Inc. in Lakewood, Colorado.

### **Chairman of the Board: Kirk B. Griswold**

Kirk Griswold has been our Chairman of the Board of Directors from December 30, 2016 through the present and he has served in the same role for Rita’s Stores since March 2019. Mr. Griswold has served

as Chairman of the Board of Directors and President for Parent from October 2016 through the present and he has served in the same roles for RWI since May 2017. Mr. Griswold is a Founding Partner of Argosy Capital in Wayne, PA. He has been affiliated with Argosy Capital and certain of its affiliates since 1990. Mr. Griswold currently serves on the Board of Directors for the following companies: Atlantic Diagnostic Laboratories, LLC since August 2012, Linkage, Inc. since July 2013, CAN-AM Aero Support, LLC d/b/a InTech Aerospace Services since November 2014, Ranger Airshop Holdings, Inc. since February 2016, Bionix, LLC since December 2020, and Bentley Systems, Inc. since July 2001. Mr. Griswold also served on the boards of American Huts Inc. from December 1998 until approximately 2019, Quantum Holdings, Inc. from May 2011 to August 2018 and Nationwide Industries, Inc. from February 2016 to March 2018.

**Member of the Board: Michael R. Bailey**

Michael Bailey has been a Member of the Board from December 2016 through the present and he has served in the same role for Rita's Stores since March 2019. Mr. Bailey has served as a Member of the Board of Directors and Secretary for Parent from October 2016 through the present and he has served in the same roles for RWI since May 2017. Mr. Bailey has been a Partner with Argosy Private Equity in Wayne, PA since February 1999. Mr. Bailey currently serves as the Chairman of the Board of Directors for TCL Acquisition Holdings, LLC and related entities since June 3, 2016. Mr. Bailey also serves on the boards of directors of the following entities: Library Systems and Services, LLC and related entities since May 15, 2017; and Walpole Holdings, LLC and related entities since February 27, 2019. Mr. Bailey also served on the boards of directors of the following companies: Die Cast Holdings, Inc. and related entities from September 30, 2013 through February 17, 2016; FBP Holdings, LLC and related entities from August 7, 2014 through December 31, 2020; AUC Acquisition Holdings, LLC and related entities from October 16, 2015 through November 1, 2018; FDT Acquisition LLC and related entities from September 30, 2014 through November 5, 2019; and NWI Acquisition Corp. and related entities from February 11, 2016 through March 15, 2018.

**Member of the Board: Olivier Trouveroy**

Olivier Trouveroy has been a Member of our Board of Directors from December 30, 2016 through the present and he has served in the same role for Parent since October 2016, RWI since May 2017, and Rita's Stores since March 2019. Mr. Trouveroy is the Co-Founder and has been a Managing Partner of MTN Capital Partners, based in New York, NY since 2003. Mr. Trouveroy is a director of JSI Holding Corp., based in Milo, Maine since 2018. Mr. Trouveroy was a Director of Sound Lounge based in New York, New York from 2005 until 2018, a Director of Joliet Equipment Corporation based in Joliet, IL from 2008 until 2019 and a Director of Kings Food Markets, based in Parsippany, New Jersey from 2006 until 2016. Mr. Trouveroy has been a Board Member of the Belgian American Educational Foundation since 2008 and the Chairman of its Finance Committee since 2010.

### ITEM 3: LITIGATION

#### Prior Actions Against Immediate Predecessor

*Sherry Brown, individually and on behalf of all others similarly situated v. Rita's Water Ice Franchise Company, LLC*, Case No. 2:15-cv-03509-TJS (E.D.PA). On June 22, 2015, Plaintiff, the user of a phone number that Immediate Predecessor believes had been previously used by a Rita's Water Ice consumer and was reassigned to her by a phone carrier, filed a Complaint on behalf of herself and two putative classes. The Complaint alleges knowing and/or willful violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227 (the "TCPA"). Plaintiff alleged that certain text messages sent in the past as part of the Rita's Cool Alerts program violated the TCPA. The Plaintiff sought to represent two alleged classes. The first is all persons who allegedly did not provide Immediate Predecessor with clear and conspicuous prior express written consent to send automated telemarketing text messages. The second is all persons who, after allegedly notifying Immediate Predecessor that they no longer wanted to receive text messages, received one or more Cool Alerts text messages. Plaintiff sought injunctive relief; statutory damages of \$500 for each and every call-in violation of the TCPA; treble damages up to \$1,500 for each and every call in violation of the TCPA, attorneys' fees and costs. A motion to dismiss was filed on August 24, 2015 on behalf of Immediate Predecessor, which was denied after the plaintiff amended the Complaint on October 7, 2015. Following mediation, the parties reached an agreement in principle for a class action settlement that would resolve all TCPA claims related to the Cool Alerts program. On March 14, 2016, the parties entered into a formal settlement agreement where Immediate Predecessor agreed to pay \$3,000,000 under the settlement for the establishment of a settlement fund to pay for class notice costs, class member claims, named plaintiff incentive awards and attorneys' fees. The Court approved the class-wide settlement on March 22, 2016. Immediate Predecessor has paid all amounts required by the court approved settlement and the case was dismissed on March 16, 2017.

*Baugh Corp. v. Rita's Water Ice Franchise Company, LLC*, Case No. 01-15-0002-8488 (American Arbitration Association). In March 2015, plaintiff, Baugh Corp., a former franchisee and developer, filed a demand for arbitration against Immediate Predecessor seeking the return of its development fee paid to Immediate Predecessor pursuant to a financing contingency. Immediate Predecessor did not return the development fee as a result of the plaintiff's alleged failure to meet the requirement of the financing contingency to use diligent efforts to obtain financing. Plaintiff filed this arbitration in California seeking specific performance, damages, rescission and restitution and claiming breach of contract, fraud and deceit, breach of the covenant of good faith and fair dealing, conversion and embezzlement. It also sought declaratory relief. On March 26, 2015, Immediate Predecessor filed a declaratory judgment action with the United States District Court, Eastern District of Pennsylvania (*Rita's Water Ice Franchise Company, LLC v. Baugh Corp.*, Case No. 2:15-cv-01538 (E.D. PA) (2015)), seeking to enforce the venue selection provision in its agreements, requiring all disputes to be arbitrated in Philadelphia, Pennsylvania. The court in the declaration judgment action ruled in favor of Immediate Predecessor and issued orders requiring the Arbitration to cease in California. On December 17, 2015, the parties entered into a settlement agreement, where Immediate Predecessor agreed to pay plaintiff \$400,000 and Immediate Predecessor reacquired all rights to the 14 shop development area held by plaintiff. The arbitration, federal action and appeal (discussed above) were dismissed.

*Schneider v. Rita's Water Ice Franchise Co., LLC*, Case No. 14-114-Y-00233-08 (American Arbitration Association). On January 28, 2008, plaintiff, Paul Schneider, a former franchisee, filed a demand for arbitration against Immediate Predecessor with the American Arbitration Association ("AAA") in Philadelphia, PA. Plaintiff alleged that Immediate Predecessor violated certain provisions of the New York Franchise Sales Act and engaged in fraud and misrepresentation by failing to make certain disclosures in a timely fashion and by providing false or misleading information relating to the franchise. Plaintiff sought damages in the amount of \$575,000. Immediate Predecessor denied that it engaged in any unlawful

or wrongful conduct. In March 2008, Immediate Predecessor filed a counterclaim against plaintiff based on his breach of the Franchise Agreement and his failure to make payments required under the Franchise Agreement. In its counterclaim, Immediate Predecessor sought damages in the approximate amount of \$210,000. A hearing was held before the AAA in December 2009. On January 22, 2010, the Arbitrator rendered an award of \$483,000 including attorneys' fees in favor of the plaintiff. On January 26, 2010, Immediate Predecessor filed a complaint in the Court of Common Pleas of Philadelphia, Pennsylvania, January Term, 2010, No. 2940 seeking to vacate the award and to enforce a previously obtained judgment for \$464,998.43 against plaintiff's company, Ahrkett Corporation and against plaintiff under alter ego and veil piercing theories. The parties entered into an agreement in April 2011 settling all claims between them whereby Immediate Predecessor agreed to make payment on the plaintiff's claim and both parties agreed to release and hold each other harmless from any further claims related to the New York franchise relationship.

### **Pending Actions Against Us**

***Scarpulla, et. al. v. Rita's Franchise Company, LLC, et. al.*** Case No. FCS052954 (Superior Court of California, County of Solano). In July 2019, plaintiffs, Scarpulla, et. al. (the "Scarpulla Plaintiffs"), filed a Complaint against us, the Immediate Predecessor, and numerous other defendants (including our President & CEO, Linda Chadwick ("Chadwick") and our Chairman of the Board, Kirk B. Griswold ("Griswold")). The Scarpulla Plaintiffs are five franchisees that executed franchise agreements with our Immediate Predecessor and one of such Scarpulla Plaintiffs executed an additional franchise agreement directly with us in connection with such plaintiff's purchase of an existing franchise from another franchisee (the "Transferred Unit"). The allegations against us are also asserted against Chadwick and Griswold in their positions with us. As discussed in Item 1, we purchased the assets of the System from the Predecessor Entities (which includes the Immediate Predecessor) on December 30, 2016. The Scarpulla Plaintiffs allege that we are liable for conduct by the Immediate Predecessor during the Immediate Predecessor's ownership of the System (i.e. prior to our purchase of the assets of the System and prior to our existence as a corporate entity). Those allegations include that we solicited material modifications in violation of the California Franchise Investment Law (the "CFIL"), made inaccurate disclosures and impermissible misrepresentations that amounted to constructive fraud, and engaged in unfair acts in violation of the California Business & Professions Code. In addition, the Scarpulla Plaintiffs allege we solicited material modifications and failed to make mandatory disclosures in violation of the CFIL during the term of our ownership of the System. The Scarpulla Plaintiff that purchased the Transferred Unit alleges that we did not provide disclosure in connection with such plaintiff signing the franchise agreement for the Transferred Unit. We deny any liability for Immediate Predecessor or otherwise, maintain that disclosure was provided in connection with the Transferred Unit and intend to vigorously defend against the claims. In November 2019, we (i) filed a Petition to Compel Arbitration, Stay Action Pending Determination of Petition and Dismiss Action Upon Compelling Arbitration (the "Petition") in this matter, and (ii) filed the following separate arbitration demands with each Scarpulla Plaintiff to commence arbitration related to their allegations and for their breach of certain provisions of their franchise agreements: ***Rita's Franchise Company, LLC v. Randy Chi, Christopher Kim, Eric Sha, et al.***, Case No. 01-19-0003-3750 (American Arbitration Association); ***Rita's Franchise Company, LLC v. JNB ICE, Inc., Elizabeth E. Scarpulla, et al.***, Case No. 01-19-0003-3754 (American Arbitration Association); ***Rita's Franchise Company, LLC v. Central Valley Ice, Inc., et al.***, Case No. 01-19-0003-3753 (American Arbitration Association); ***Rita's Franchise Company, LLC v. Jose Ramon Bernabe, et al.***, Case No. 01-19-0004-0142 (American Arbitration Association); and ***Rita's Franchise Company, LLC v. Michael Kane, et al.***, Case No. 01-19-0004-0143 (American Arbitration Association) (collectively, the "Arbitrations"). On March 30, 2020, the Petition was granted in an Order Granting Petition to Compel Arbitration as it relates to compelling arbitration and staying the action. We and the Scarpulla Plaintiffs agreed to stay the Arbitrations pending discussions between the Scarpulla Plaintiffs and Immediate Predecessor on the joinder of Immediate Predecessor to the Arbitrations and/or a



potential settlement between the Scarpulla Plaintiffs and Immediate Predecessor. In March 2021, we requested that each arbitrator lift the stay in their Arbitration.

### **Actions Initiated by Us**

**None**

Other than the actions listed above, 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 Fees**

##### Shops

When you sign a Franchise Agreement for a Shop, you must pay us the non-refundable initial franchise fee which is \$35,000 for a Standard Shop and \$15,000 for an Express Shop.

##### Satellites

If you enter into a Satellite Addendum with us, you must also pay us a \$15,000 non-refundable satellite shop initial franchise fee for the right to operate a Satellite.

##### Mobile Unit

If you enter into a Mobile Addendum with us, you must pay us a \$10,000 non-refundable mobile unit initial franchise fee for the right to operate a Mobile Unit.

\* \* \*

Except for discounts we offered through certain International Franchise Association (IFA) programs last year, the initial franchise fees described above are uniform as to all franchisees purchasing a Shop, Mobile Unit or Satellite. However, we reserve the right to reduce the initial franchise fees and to negotiate alternative fee arrangements with institutional franchisees, franchisees in unique locations or franchisees purchasing multiple locations. We may reduce, defer or waive the initial franchise fee for Shops or Satellites that require an entry fee to obtain a site or when a unique or compelling situation warrants. During our last fiscal year, we did not reduce our initial franchise fees for any new franchisees. However, our initial franchise fee for existing franchisees ranged from \$15,000 to \$35,000 during our last fiscal year.

We are a member of the IFA and participate in the IFA's VetFran program. We offer franchise candidates qualifying under this program and our requirements a 20% reduction in the initial franchise fee for their first Shop. The qualifying franchise candidate(s) must own 51% or more of (i) the assets of the Shop, (ii) the rights under the Franchise Agreement and (iii) any entity that will be the franchisee. In the event that the qualifying franchisee candidate(s) transfer their interest within a 5-year period, the amount of the reduction must be repaid. We reserve the right to cancel or modify this program at any time.

## **Development Fees and Franchise Fees for Shops under a Development Agreement**

If you sign a Development Agreement for Standard Shops, the amount of the initial franchise fee for the Shops that you develop under the Development Agreement will be \$35,000 for the first Shop, \$20,000 for the second Shop, \$15,000 for the third and each additional Shop. If you sign a Development Agreement for Express Shops, the amount of the initial franchise fee for the Shops that you develop under the Development Agreement will be \$15,000 for the first Shop, \$10,000 for the second Shop, \$7,500 for the third and each additional Shop.

Upon signing the Development Agreement, you must pay us a development fee (“**Development Fee**”) equal to the initial franchisee fee for the first Shop and the initial franchise fee for each additional Shop to be developed under the Development Agreement. The Development Fee is earned and non-refundable regardless of whether you enter into Franchise Agreements for those Shops. During our last fiscal year, we did not reduce the development fees we collected. You will pay the initial franchise fee for the Shops you develop under the Development Agreement as part of the Development Fee (the amount of which will be determined according to the schedule of fees described above, as it applies to you). The Development Fee and all initial franchise fees paid under a Development Agreement are earned and non-refundable when paid, in consideration of administrative and other expenses we incur in entering into the Development Agreement. If you meet your obligations under the Development Agreement and are not otherwise in default under any other agreement with us, as you sign Franchise Agreements for the development and operation of each Shop to be developed under the Development Agreement, we will credit the portion of the Development Fee that you paid as the initial franchise fee for such Shop.

Before entering into the Development Agreement, we will review and consult with you concerning the proposed geographic areas that will comprise the Development Search Area. We will then determine and specify the required number of Shops that you must develop under the Development Agreement. Also, the Development Schedule will contain the required number of Shops and the time frames in which the Shops must be developed. We will specify the Development Schedule before you sign the Development Agreement. The factors that influence the minimum number of required Shops include projected market demand, the size of the Development Search Area, economic and demographic factors in that area, your financial and other capabilities and the duration of the Development Agreement.

## **Pre-Opening Purchases**

Before the Shop, Satellite and/or Mobile Unit opens, you must purchase from us and/or our distributors the Products and other items. We estimate that your total costs of pre-opening purchases from us and/or our distributors will range from \$8,000 to \$17,500 for a Standard Shop and \$8,000 to \$10,000 for an Express Shop. Factors which impact the costs of your pre-opening costs for Products and other items include the size of the Shop and the amount of Menu Items offered at the Shop. Your pre-opening purchases for a Satellite and/or Mobile Unit will depend on how much you intend to increase the inventory at the Shop that will support the Satellite or Mobile Unit and Menu Items offered by the Satellite or Mobile Unit. We estimate the total costs of pre-opening purchases from us and/or our distributors will range from \$4,000 to \$9,000 for a Satellite and \$0 to \$3,000 for a Mobile Unit.

## **Minimum New Shop Marketing Program Expenditure**

The Franchise Agreement requires you to spend on a new shop marketing program (the “**New Shop Marketing Program**”) a minimum of (i) \$12,000 for a Standard Shop and (ii) \$10,000 for an Express Shop or Satellite (the “**Minimum New Shop Marketing Program Expenditure**”). You must deposit the

Minimum New Shop Marketing Program Expenditure with us within 15 days of your execution of the lease or sublease for the Shop or Satellite (or, if you will not be occupying the premises under a lease or sublease, within 15 days after the execution of the Accepted Location Addendum) and we will distribute such funds as necessary to conduct the New Shop Marketing Program.

\* \* \*

Except as otherwise described above, all fees paid to us or our affiliates are payable in lump sum and nonrefundable.

## ITEM 6: OTHER FEES

### OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	6.5% of estimated sales on Rita's-Mix Items and/or 6.5% of Gross Sales on Menu Items that are Non-Mix Items or Non-Mix Items charged as an additional fee	The Yield Based Royalty (defined below) must be paid upon purchase of Rita's-Mix Items and the Non-Yield Based Royalty (defined below) must be paid weekly (on the date we specify)	See Note 1
Advertising Contribution	3.0% of estimated sales on Rita's-Mix Items and 3.0% of Gross Sales on Menu Items that are Non-Mix Items or Non-Mix Items charged as an additional fee	Same as royalty	See Note 2
Minimum Local Advertising Expenditure	Currently 2.0% of Gross Sales (but 3.0% ceiling)	Weekly	See Note 3
Advertising Cooperative Program	Not to exceed the Minimum Local Advertising Expenditure	As Cooperative directs	See Note 4
Training for New or Replacement Manager(s)	Our then-current fee for Initial Training (currently \$500)	Prior to attending training	See Note 5
Site Selection	\$100 - \$1,000	If incurred, before opening	See Note 6
Overdraft Fee	Then-current fee (currently, \$50 for each insufficient payment)	When incurred	See Note 7
Relocation Fee/Lost Profits During Relocation	\$2,500 plus Royalty Fees and Advertising Contributions for the period of time the Shop or Satellite is closed during relocation	Time of relocation	See Note 8

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Transfer	50% of then-current initial franchise fee for the same type of Shop and/or Satellite	Time of transfer	If after you sign the Franchise Agreement you want to transfer to an entity you form for the convenience of ownership, we will only charge an administrative fee of \$500. See Note 9
Insurance	Will vary under circumstances	Upon demand	See Note 10
Renewal	If a Shop, 50% of then-current initial franchise fee for the type of Shop being renewed. If a Satellite, 50% of then-current initial franchise fee for Satellite. If a Mobile Unit, \$500.	Before renewal	See Note 11
Indemnification	Will vary under circumstances	Upon demand	See Note 12
Interest and Audit Expenses	Interest on overdue amounts (1.5% per month or maximum rate permitted by law); cost of audit will vary	Upon demand	See Note 13
Costs and Attorneys' Fees	Will vary	Upon demand	See Note 14
Liquidated Damages	Will vary	Upon demand	See Note 15
Rita's Annual Business Meeting	Will vary	Prior to attending Rita's Annual Business Meeting	See Note 16
Guest Complaint Resolution Fee	Then-current fee (currently \$10 - \$100 per incident)	When we receive a complaint from a guest and send a gift-card to the guest	See Note 17
Training Cancellation Fee	Then-current fee (currently \$250)	At time of late cancellation	See Note 18
COS Violation Fee	Then-current fee (currently, between \$0 and \$250, and up to \$1,000 per incident after the second incident)	When incurred	See Note 19

The above table describes other recurring or isolated fees or payments that you must pay to us or our affiliates, or which we or our affiliates impose or collect on behalf of a third party, in whole or in part. Unless otherwise indicated, all fees listed in the table are uniformly imposed by, payable to and collected by us, and are non-refundable; however, as noted above, we reserve the right to waive or amend any of the fees for institutional franchisees, unique locations or other circumstances we believe warrant a waiver or amendment.

#### **NOTES:**

**Note 1 – Royalty:** We make available to you for purchase, or designate or approve other distributors or suppliers who will make available to you for purchase, certain Rita’s Products required for your preparation of certain Menu Items, including our proprietary Italian ice mix, custard mix and ingredients for such other Menu Items as Company may designate from time to time (collectively, “**Rita’s-Mix Items**”). We make available to you for purchase, or designate or approve other distributors or suppliers who shall make available to you for purchase, certain Non-Proprietary Products required for Franchisee’s preparation of certain Menu Items that do not include the Rita’s-Mix Items (“**Non-Mix Items**”). You must pay a continuing royalty fee which shall be the mathematical product determined by multiplying 6.5% times our estimate of the amount of gross sales that may be derived by you from the retail sale of the Menu Items that may be prepared from the Rita’s-Mix Items (the “**Yield Based Royalty**”). You must pay a continuing weekly royalty of 6.5% of the Gross Sales (defined below) of all (i) Menu Items that are Non-Mix Items sold in the preceding week and (ii) Non-Mix Items charged as an upcharge, additional charge or service on Menu Items made with Rita’s-Mix Items sold in the preceding week (“**Non-Yield Based Royalty**”). See Section 3.9 of the Franchise Agreement for additional information on how we calculate the Yield Based Royalty. You must pay the Yield Based Royalty when you purchase Products and you must pay the Non-Yield Based Royalty weekly. All payments must be made by electronic funds transfer. “**Gross Sales**” means revenue from the sale of all Menu Items and all other income, whether for cash, credit, services or barter, of every kind and nature related to the Shop, Satellite and Mobile Unit (including Mobile Events and Catering Activities), including proceeds of any business interruption insurance policies, regardless of collection in the case of credit. Gross Sales shall not include (a) any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority or (b) the value of any gift card sold.

**Note 2 – Advertising Contribution:** You must pay us an advertising fund contribution (“**Advertising Contribution**”) for the branding fund we created for the system (the “**Branding Fund**”). The Advertising Contribution will be calculated and collected in the manner that the Yield Based Royalty and the Non-Yield Based Royalty are calculated and collected.

**Note 3 – Minimum Local Advertising Expenditure:** In addition to the Advertising Contributions for the Branding Fund, for each week (or portion of each week) during which the Shop is open for business, you must spend an average 2% of Gross Sales of all Menu Items (i.e. without regard to whether the Menu Item is prepared with or without Rita’s-Mix Items) per week on local advertising in the manner we prescribe in the Manual or otherwise in writing (the “**Minimum Local Advertising Expenditure**”). We have the right, under the Franchise Agreements, to increase the Minimum Local Advertising Expenditure to a maximum of 3%. We may exempt certain Express Shops from this requirement based on other advertising obligations they have. For purposes of the Minimum Local Advertising Expenditure, the Gross Sales for the Shop includes sales through Satellites and Mobile Units.

**Note 4 – Advertising Cooperative:** We reserve the right to require you to become a member of an advertising cooperative. We currently have established advertising cooperatives in certain Metropolitan Statistical Areas (“**MSA**”). If an advertising cooperative has been established applicable to the Shop’s

location at the time you commence operations, you must immediately become a member of such advertising cooperative. We will designate when a new Shop starts to contribute to an advertising cooperative. You will have no voting rights in any advertising cooperative until the Shop and/or Satellite opens and you commence contributing to the advertising cooperative. The amounts you are required to contribute to an advertising cooperative will be credited to your Minimum Local Advertising Expenditure requirements. We may exempt certain Express Shops from this requirement based on other advertising obligations they have. See Item 11 for additional information.

**Note 5 – Training for New or Replacement Manager(s):** Following the training of your initial manager, we may impose a training fee for any new or replacement manager or in the event of a transfer.

**Note 6 – Site Selection:** Under the Franchise Agreements, we will conduct, if we deem it necessary and appropriate, and at no cost to you, one on-site evaluation of any properly submitted proposed site that meets our criteria. For each additional on-site evaluation (if any) of the same location that was previously submitted and reviewed, we may require you to reimburse us for our reasonable expenses, including the costs of our payroll for site selection personnel, travel, lodging, food and other miscellaneous expenditures. The figures in the chart reflect our estimated expenses in conducting one additional on-site evaluation (if any). The reimbursement of such expenses incurred by us (if any) is non-refundable and will be imposed by, payable to and collected by us.

**Note 7 – Overdraft Fee:** If there are insufficient funds in your bank account for an electronic fund transfer to cover payments due to us or our affiliates, or if an electronic fund transfer attempt is not successful, we have the right, under the Franchise Agreement, to charge you our then-current overdraft fee and administrative costs. Currently, this fee is \$50 for each insufficient payment.

**Note 8 – Relocation Fee and Rita's Lost Profits During Relocation:** If you relocate the Shop or Satellite, with our prior written consent, you must pay us a nonrefundable relocation fee of \$2,500. In addition, if you close the Shop or Satellite for any period of time during relocation, we reserve the right to require you to pay us the same royalty fees and advertising fund contributions and expenditures required under the Franchise Agreement during the same time period of the prior year. For a description of the conditions under which the Shop or Satellite may be relocated, see Item 12 below.

**Note 9 – Transfer Fee:** If any transfer subject to the Franchise Agreement occurs as described in Item 17, you must pay us a nonrefundable transfer fee equal to 50% of the then-current initial franchise fee for a Shop of the same type at the time of transfer. However, in the case of an entity formed by you for the convenience of ownership, we will waive the transfer fee if the transfer is done within 6 months of signing the Franchise Agreement and reduce the transfer fee to a \$500 administrative fee, if done more than 6 months after signing the Franchise Agreement.

**Note 10 – Insurance:** Before you open the Shop or Satellite, you must purchase and maintain, at all times during the term of your Franchise Agreement, the insurance coverage that we specify in the Manuals. If you fail to obtain or maintain the required insurance, we have the option to obtain such insurance on your behalf and charge you for the cost of the insurance and our reasonable expenses in connection with obtaining and maintaining it.

**Note 11 – Renewal Fee:** If you renew your right under the Franchise Agreement/Satellite Addendum, you must pay us a renewal fee equal to 50% of the then-current initial franchise fee being charged for a Shop/Satellite of the same type when you sign the renewal franchise agreement/satellite addendum. The renewal fee of \$500 for a Mobile Unit shall be paid every 10 years from the effective date of the Mobile Addendum. In addition, as a condition to renewal, you must make or provide for such renovation and

modernization of the Shop, Satellite or Mobile Unit so that it conforms to our then-current standards, practices and image.

**Note 12 – Indemnification:** Under the Franchise Agreement, you must indemnify and hold us, our affiliates and their respective officers, directors, agents and employees harmless against all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your business operations, as well as the costs, including attorneys’ fees, of defending against them.

**Note 13 – Interest and Audit Expense:** We (and/or our designated agents) have the right, under the Franchise Agreement, to examine and copy, at our expense, your books, records, accounts and tax returns. We also have the right, at any time, to have an independent audit made of your books. If an inspection should reveal that you have understated any payment due to us, you must immediately pay us the understated amount upon demand, in addition to interest from the date such amount was due until paid, at the rate of 1.5% per month (or the maximum interest rate permitted by law, whichever is less). If an inspection reveals that you have understated any report by 3% or more, you must, in addition to repaying monies owed and interest, reimburse us for all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs).

**Note 14 – Costs and Attorneys’ Fees:** You must reimburse us for our expenses in enforcing or terminating the Franchise Agreement.

**Note 15 – Liquidated Damages:** Upon termination of the Franchise Agreement due to your breach, you must pay us, in addition to other amounts owed, liquidated damages in an amount equal to the net present value of the product of (i) the number of months of the unexpired portion of your initial term under the Franchise Agreement or Satellite Addendum, multiplied by (ii) the Shop’s and/or Satellite’s average monthly royalty fees (including Yield Based Royalties and Non-Yield Based Royalties) and Advertising Obligation (defined in Item 11) contributions and expenditures required under the Franchise Agreement or Satellite Addendum during the 24-month period (or any shorter period the Shop and/or Satellite may have operated for) immediately preceding the earlier of the date of termination or abandonment of the Shop and/or Satellite (regardless of whether that period includes operational history of the Shop and/or Satellite for when it was owned by a different ownership group); provided, however, if the Shop and/or Satellite has not been open for at least 24 months, the average monthly amount of royalty fees (including Yield Based Royalties and Non-Yield Based Royalties) and Advertising Obligation contributions and expenditures payable by you to us for the months in which the Shop and/or Satellite has been open shall be used for purposes of the calculation.

**Note 16 – Annual Business Meeting:** We require that you (or a designated employee) attend the first Annual Business Meeting that occurs after the opening of the Shop. Thereafter, you may not miss more than two consecutive Annual Business Meetings. You will be responsible for your expenses in attending the Annual Business Meeting and we may charge a registration fee for each Annual Business Meeting.

**Note 17 – Guest Complaint Resolution Fee:** If we receive a complaint from one of your guests, we reserve the right to require you to pay our then current Guest Complaint Resolution Fee as described in the Manuals. Currently, the fee is \$10 for the first occurrence; \$25 for the second occurrence; \$50 for the third occurrence; and \$100 for the fourth and each additional occurrence.

**Note 18 – Training Cancellation Fee:** If you register for and fail to attend a training course without providing notice of the cancellation at least 10 business days before the scheduled training course, you must pay our then-current cancellation fee. We reserve the right to charge you the then-current cancellation fee if you request to reschedule your training to a time other than the scheduled training date.

**Note 19 – COS Violation Fee:** We have established a set of Critical Operating Standards (“COS”), which govern certain aspects of your operations. If you fail to comply with any COS, you must pay us the then-current Critical Operating Standards Violation Fee (“COS Violation Fee”).

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**Standard Rita’s Shop<sup>1</sup>**

<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 <sup>2</sup>	\$35,000	Lump Sum	At signing of Franchise Agreement	Us
Lease Deposit <sup>3</sup>	\$0-\$11,000	Lump Sum	At Signing of Lease	Landlord
Leasehold Improvements <sup>4</sup>	\$50,000-\$241,671	As Agreed	Before opening, as incurred	Suppliers
Equipment <sup>5</sup>	\$60,928-\$120,000	As Agreed	Before opening, as incurred	Us and/or Suppliers
Permits & Licenses <sup>6</sup>	\$685-\$10,000	As Incurred	Before opening, as incurred	Governmental Authorities
Signs & Awnings <sup>7</sup>	\$3,000-\$22,390	As Agreed	Before opening, as incurred	Suppliers
Insurance <sup>8</sup>	\$200-\$3,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order <sup>9</sup>	\$8,000-\$17,500	As Agreed	Before opening, as incurred	Us and/or Suppliers
Minimum New Shop Marketing Expenditure <sup>10</sup>	\$12,000	Lump Sum	Between 30 days before opening and 180 days after opening	Us for payment to Suppliers
Training <sup>11</sup>	\$50-\$5,000	As Incurred	Before opening, as incurred	Food and lodging providers
Architect and Attorney Fees <sup>12</sup>	\$5,000-\$20,000	As Incurred	Before opening, as incurred	Architect/Attorney
Additional Funds <sup>13</sup> (3 months)	\$20,000 - \$30,000	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
<b>TOTAL<sup>14</sup></b>	<b>\$194,863-\$528,061</b>			

**Express Rita’s Shop<sup>1</sup>**

<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 <sup>2</sup>	\$15,000	Lump Sum	At signing of Franchise Agreement	Us
Lease Deposit <sup>3</sup>	\$1,000-\$8,000	Lump Sum	At Signing of Lease	Landlord



Leasehold Improvements <sup>4</sup>	\$35,000-\$125,000	As Agreed	Before opening, as incurred	Suppliers
Equipment <sup>5</sup>	\$28,900-\$85,900	As Agreed	Before opening, as incurred	Us and/or Suppliers
Permits & Licenses <sup>6</sup>	\$685-\$2,500	As Incurred	Before opening, as incurred	Governmental Authorities
Signs & Awnings <sup>7</sup>	\$2,500-\$12,500	As Agreed	Before opening, as incurred	Suppliers
Insurance <sup>8</sup>	\$200-\$2,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order <sup>9</sup>	\$8,000-\$10,000	As Agreed	Before opening, as incurred	Us and/or Suppliers
Minimum New Shop Marketing Program Expenditure <sup>10</sup>	\$10,000	Lump Sum	Between 30 days before opening and 180 days after opening	Us for payment to Suppliers
Training <sup>11</sup>	\$50-\$5,000	As Incurred	Before opening, as incurred	Food and lodging providers
Architect and Attorney Fees <sup>12</sup>	\$5,000-\$15,000	As Incurred	Before opening, as incurred	Architect/Attorney
Additional Funds <sup>13</sup> (3 months)	\$15,000 - \$20,000	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
<b>TOTAL<sup>14</sup></b>	<b>\$121,335-\$311,400</b>			

### Satellite<sup>1</sup>

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>2</sup>	\$15,000	Lump Sum	At signing of Franchise Agreement	Us
Lease Deposit <sup>3</sup>	\$0-\$15,000	Lump Sum	At Signing of Lease	Landlord
Leasehold Improvements <sup>4</sup>	\$50,000-\$125,000	As Agreed	Before opening, as incurred	Suppliers
Equipment <sup>5</sup>	\$28,900-\$70,900	As Agreed	Before opening, as incurred	Us and/or Suppliers
Permits & Licenses <sup>6</sup>	\$450-\$5,000	As Incurred	Before opening, as incurred	Governmental Authorities
Signs & Awnings <sup>7</sup>	\$3,000-\$12,500	As Agreed	Before opening, as incurred	Suppliers
Insurance <sup>8</sup>	\$200-\$1,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order <sup>9</sup>	\$4,000-\$9,000	As Agreed	Before opening, as incurred	Us and/or Suppliers
Minimum New Shop Marketing Program Expenditure <sup>10</sup>	\$10,000	Lump Sum	Between 30 days before opening and 180 days after opening	Us for payment to Suppliers
Training <sup>11</sup>	\$0	As Incurred	Before opening, as incurred	Food and lodging providers

Architect and Attorney Fees <sup>12</sup>	\$5,000-\$15,000	As Incurred	Before opening, as incurred	Architect/Attorney
Additional Funds (3 months) <sup>13</sup>	\$15,000-\$20,000	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
<b>TOTAL<sup>14</sup></b>	<b>\$131,550-\$298,900</b>			

### **Mobile Unit<sup>1</sup>**

<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 <sup>2</sup>	\$10,000	Lump Sum	At signing of Franchise Agreement	Us
Lease Deposit <sup>3</sup>	\$0	Lump Sum	At Signing of Lease	Landlord
Leasehold Improvements <sup>4</sup>	\$0	As Agreed	Before opening, as incurred	Suppliers
Equipment <sup>5</sup>	\$10,000-\$100,000	As Agreed	Before opening, as incurred	Us and/or Suppliers
Permits & Licenses <sup>6</sup>	\$100-\$1,500	As Incurred	Before opening, as incurred	Governmental Authorities
Signs & Awnings <sup>7</sup>	\$0	As Agreed	Before opening, as incurred	Suppliers
Insurance <sup>8</sup>	\$1,500-\$4,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order <sup>9</sup>	\$0 - \$3,000	As Agreed	Before opening, as incurred	Us and/or Suppliers
Training <sup>11</sup>	\$0	As Incurred	Before opening, as incurred	Food and lodging providers
Architect and Attorney Fees <sup>12</sup>	\$0	As Incurred	Before opening, as incurred	Architect/Attorney
Additional Funds (3 months) <sup>13</sup>	\$0	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
<b>TOTAL<sup>14</sup></b>	<b>\$21,600-\$119,000</b>			

Except as otherwise described in the notes below, the above tables provide an estimate of your initial investment for a Shop and the costs necessary to begin operation of the Shop. The first table describes the initial investment and costs for a Standard Shop. The second table describes the initial investment and costs for an Express Shop. The third table describes the initial investment and costs for a Satellite. The fourth table describes the initial investment and costs for a Mobile Unit. All costs listed in the tables are estimates only. Actual costs will vary for each franchisee and each location depending on a number of factors. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

### **NOTES:**

**Note 1:** As described in the charts above, your costs will vary depending on whether you open a Standard Shop, Express Shop, Satellite or Mobile Unit. You only have the opportunity to operate a Satellite or a Mobile Unit if you operate a Standard Shop.

**Note 2:** See Item 5 for a description of the initial franchise fee. If you signed a Development Agreement, you will have to pay a Development Fee.

**Note 3:** While you may own or purchase real estate in which to locate the Shop, we anticipate that you will most likely lease a location for the Shop in a shopping center or elsewhere. The figures in the charts are based on our estimate of the cost of your lease or sublease for the leasehold premises. Standard Shops typically occupy approximately 600 to 1,000 square feet of commercial space. Express Shops and Satellites typically occupy approximately 300 to 700 square feet of commercial space. The monthly rent for leased premises varies depending upon the location of the Shop or Satellite and the then-current, local real estate rental market conditions. You should obtain estimates of rental costs by contacting local commercial realtors before you sign the Franchise Agreement or Satellite Addendum. The figures in the charts reflect an estimate for a one-month security deposit and the first month's rent. We estimate that rentals will range between \$1,000 and \$3,500 monthly for 1,000 square feet of commercial space. In addition, some landlords may require additional security deposits or rental payments upon signing a lease. Many locations, such as malls and shopping centers, require the tenant to pay charges in addition to rent, such as real estate taxes, percentage rental, utilities, maintenance and insurance. Such additional charges would increase your rental costs. You should carefully investigate and evaluate all of the potential costs associated with a particular location.

**Note 4:** This category includes construction build-out costs, construction costs and the cost of fixtures. The high end of the range is for a Standard Shop located in an in-line retail space or end-cap retail space with no or minor site work. The range covers walk-in and walk-up Shops. This estimate does not cover construction of a modular or stick-built building. We are unable to estimate the cost of a modular or stick-built building because we have extremely limited history with franchisees constructing modular or stick-built buildings. Your initial investment for leasehold improvements will vary depending upon whether you operate a Standard Shop, an Express Shop, or a Satellite or Mobile Unit, the size of the Shop or Satellite and its geographic location. Express Shop and Satellite locations are generally smaller in size and may have special design and layout requirements. Construction costs in some areas of the country may exceed these estimates. These amounts reflect your cost if you purchase fixtures from or through approved contractors. Your actual cost for improving real estate may exceed the estimates contained in the charts. This range is not reduced for any tenant improvement allowance that you may obtain from your landlord.

**Note 5:** This range reflects the cost of purchasing the standard equipment necessary to operate the Shop or Satellite and incidental office equipment (including a computer system). Standard operating equipment includes a minimum of 2 Rita's proprietary Italian ice batch machines, 3 dipping boxes, 2 soft-serve machines, a 2-door upright refrigerator, a 2-door upright freezer, 1 POS system terminal, a work top refrigerator and the digital menu board system. If you elect to finance or lease these items, you will incur a monthly lease expense in lieu of the expenses for purchase of the items described in the charts. Such expense could vary, depending upon the type of lease or length of financing. Depending on the suppliers chosen, the cost of supplies and equipment may be refundable. The range for a Mobile Unit includes the cost of the Mobile Unit, which could range from a trailer or truck.

**Note 6:** The figures in the charts include the estimated cost of building and zoning permits and business operating licenses. The cost of obtaining these permits and licenses will vary according to local standards and regulations. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses, building and zoning permits and related types of expenses in your local area or municipality.

**Note 7:** The figures in the charts reflect the estimated cost of the signage required under our standards, specifications and requirements. The cost of signs depends on the size and location of the Shop or Satellite,

the particular requirements of the landlord, local and state ordinances and zoning requirements. The estimates given in the charts include exterior and interior artwork and graphics. For a Mobile Unit, graphics, signs and/or wraps are included in the equipment cost.

**Note 8:** Before you open the Shop, you must purchase and maintain at your sole expense the insurance coverage that we specify. This will include comprehensive general liability insurance, property and casualty insurance, statutory worker's compensation insurance, employer's liability insurance, umbrella insurance and product liability insurance. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us, our affiliates and their respective officers, directors, partners, agents and employees as additional insured parties. The cost of the business insurance coverage required by the Franchise Agreement will vary from state to state and will depend on your prior loss experience, if any, the prior loss experience of your insurance carrier in the state or locale in which you operate and/or national or local market conditions. You may or may not have to pay your insurance carrier or agent a full annual premium in advance.

**Note 9:** Under the terms of the Franchise Agreement, you must stock the Shop with the initial order of products, accessories, inventory and supplies we prescribe. These figures reflect the base cost of the Products, fruits, sugars, uniforms, paper goods and other miscellaneous supplies. For a Satellite or Mobile Unit, your costs will be lower because you will be using Products and supplies from the Shop.

**Note 10:** See Item 5 of this Disclosure Document for a description of the Minimum New Shop Marketing Program requirement.

**Note 11:** The figure for training in the charts includes moderately priced lodging accommodations, food costs and automobile mileage expenses for two people attending Initial Training (defined in Item 11) for franchisees and managers for 9 days. These estimated costs will vary according to the living accommodations, travel arrangements and dining facilities used. If you reside in the Philadelphia metropolitan area and commute to training, your training costs are likely to be less.

**Note 12:** You may be required to hire an architect and/or have an attorney represent you at local township zoning hearings for building approvals or permits. The figures in the charts are our estimate of your architect's and attorneys' fees if zoning hearings are required by your locality.

**Note 13:** We estimate that before opening the Shop or Satellite and for a period of three months after the opening, you will need some additional funds. The estimate in the charts includes rent and utilities for the second and third months of operation, employees' salaries for three months and other miscellaneous expenses. The amount of additional funds that you may need will vary depending upon the location of the Shop, the number of paid employees you hire and their rate of pay, and your own management and operational skill. The fact that the Shop may experience seasonal sales activity may create additional working capital requirements. The estimated additional funds amounts assume that (i) you will not draw a salary from the Shop during this initial phase, (ii) you will be actively involved in operating the Shop, and (iii) the Shop will be operating during the initial three-month period.

**Note 14:** We relied on the historical experience of our predecessors, our experience and information received from franchisees in formulating these estimates. Your costs may vary based on a number of factors including the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales at the Shop or Satellite and your skills at operating a business. If you elect to (i) deviate from our standard design or equipment package or (ii) construct a modular or stick-built building, your costs may be higher. You should review these figures carefully with a business advisor before buying a franchise. Except as indicated otherwise, we do not offer direct or indirect financing to franchisees for any items.

Menu Items may vary among different locations. Express Shops typically offer limited Menu Items. Products not prepared onsite at the Satellite and Mobile Unit are delivered from the Standard Shop. To ensure that an adequate supply of acceptable product is available for sale, products must be transported in a suitable vehicle, in suitable containers on a schedule and in a manner acceptable to us, in compliance with federal, state and local regulations and in compliance with our quality, freshness and other standards. The estimated total does not include the cost of a delivery vehicle, except in the case of a Mobile Unit that is a truck.

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

### **Shop Design and Construction**

We have the right to designate one or more suppliers of design services and/or architecture services (a “**Required Design Firm**”) for Shops and Satellites being developed. During any time that we have designated a Required Design Firm, you must hire the Required Design Firm in connection with developing the Shop or Satellite. We have the right to designate a single approved contractor or furnish you with a list of approved contractors for you to employ in the construction of the Shop or Satellite.

### **Products**

To protect our interest in the Menu Items and Rita’s Products and to ensure the quality, uniformity and distinctiveness of the Menu Items and Rita’s Products, you must purchase, solely us or suppliers designated by us, all of the Rita’s Products. We are not required and have no obligation to issue specifications for, or entertain requests for approval of, Rita’s Products or suppliers for the Rita’s Products.

In addition to the requirements above, all Products sold or offered for sale at the Shop must meet the System Operating Standards. You must purchase all Products solely from manufacturers, distributors and suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet the System Operating Standards, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing. You may not purchase, offer or sell any Products that we have not previously approved as meeting the System Operating Standards. As discussed in Item 1 and Item 5, we supply certain Products sold in Rita’s shops and we will derive certain revenue from purchases by franchisees under the System.

### **Operating Assets**

The types, models and brands of fixtures, furniture, furnishings, signs (including menu board systems), graphics, décor and equipment and mixing/dispensing equipment (collectively, “**Operating Assets**”) used to operate the Shop, Satellite and Mobile Unit must meet the System Operating Standards. The Operating Assets include the Computer System, which (i) you must purchase (or lease) and (ii) must meet the System Operating Standards. The current Computer System is not proprietary to us. The Clover/Bypass POS system is the required point-of-sale system for operation in all Shops, Satellites and Mobile Units which must be purchased (or leased) only from First Data and its affiliates. See Item 11 for details. You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment and incur fees from the credit card processing vendor(s) that we designate.

If you enter into a Mobile Addendum, you must purchase the Mobile Unit from a supplier we designate.

## **System Operating Standards and Supplier Approval**

You must operate the Shop, Satellite and Mobile Unit according to the System Operating Standards that we periodically prescribe. System Operating Standards may regulate, among other things, Products; Operating Assets; other products and supplies you must use in operating the Shop, Satellite and Mobile Unit; unauthorized and prohibited food products, beverages and services; inventory requirements; and designated and approved suppliers of Operating Assets, Products and other items.

In the case of Products, suppliers may be limited to us, our affiliates and/or other specified exclusive sources as we designate, and you must acquire the Products during the term of the Franchise Agreement only from us, our affiliates and/or the other specified exclusive sources at the prices that we or our affiliates decide to charge. We reserve the right to restrict your sources of Products in order to protect our trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Proprietary Marks by third parties, and monitor the manufacturing, packaging, processing and sale of the Products.

In the case of Operating Assets, services and items other than Products, suppliers may at our option be limited to us, our affiliates and/or other specified exclusive sources, in which case you must (at our direction) acquire such Operating Assets, services and other items (including gift cards and loyalty card processing services, “mystery” and “secret” shopper services, and consumer satisfaction survey processes) during the term of the Franchise Agreement only from us, our affiliates and/or the other specified exclusive sources at the prices that we or our affiliate decide to charge. We have the absolute right to limit the suppliers with whom you may deal. We will not approve you or another franchisee to be a supplier of any products or services to Rita’s shops.

To maintain the quality of the goods and services that Rita’s shops sell and the System’s reputation, we may condition your right to buy or lease goods and/or services (besides those described above that you may obtain only from us, our affiliates and/or other specified exclusive sources) on their meeting our minimum standards and specifications and/or being acquired from suppliers that we approve. We will issue and modify standards and specifications based on our and System franchisees’ experience in operating Rita’s shops. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design and appearance. Our Manuals or other communications will identify our standards and specifications. We will notify you and, where appropriate, the suppliers, of our standards and specifications. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

If we institute any type of restrictive sourcing program and you want to use any item or service that we have not yet evaluated or you want to buy or lease from a supplier that we have not yet approved or designated, you first must send us sufficient information, specifications and samples so that we can determine whether the item or service complies with the System Operating Standards or the supplier meets approved supplier criteria. We may charge you or the supplier a reasonable fee for the evaluation (see Item 6) and will decide within a reasonable time (approximately 30 days). We periodically will establish procedures for your requests and may limit the number of approved items, services and/or suppliers as we think best.

Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service and/or a supplier’s willingness to pay us, our affiliate or the System for the right to do business with the System. Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier’s facilities during and after the approval process to

make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, product or service.

Except as noted above, there are currently no suppliers in which any of our officers owns an interest.

**Marketing and Promotional Materials**

All marketing and promotional materials you use must be in the media and of the type and format that we approve. You must conduct the activities in a dignified manner, and they must conform to our standards. You may not use any marketing and promotional materials that we have not approved or have disapproved. Before you use any marketing and promotional materials that we have not prepared or previously approved, you must send us such materials for review.

**Insurance**

You must obtain, before beginning any operations under the Franchise Agreement and maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us and our affiliates. The policies must provide protection against any demand or claim relating to personal injury, death, or property damage, or any loss, liability or expense arising from the operation of the Shop, Satellite and/or Mobile Unit. All policies must be written by a responsible carrier or carriers which we determine to be acceptable, must name us and our affiliates as an additional insured, and must provide at least the types and minimum amounts of coverage specified in the Manuals as modified by us. The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment and your insurance and credit history.

**Shop Location**

The Shop and/or Satellite must be at a site that we accept as the Accepted Location (defined in Item 11) and the site must meet our then-current site criteria. If you will occupy the Shop and/or Satellite under a lease, you must, before executing the lease, submit the lease to us for our review to ensure the lease contains the terms that we require, which are described in the lease rider attached to the Franchise Agreement (the “**Lease Rider**”).

\* \* \*

The following chart contains our estimate of the percentage of your total purchases and leases which you must obtain from approved suppliers (including us and any of our affiliates) or in accordance with our specifications in establishing a Shop, Satellite and/or Mobile Unit and in the continuing operation of a Shop, Satellite and/or Mobile Unit.

<b>ESTIMATED PROPORTION OF YOUR PURCHASES AND LEASES FROM APPROVED SUPPLIERS (INCLUDING US AND ANY OF OUR AFFILIATES) OR ACCORDING TO OUR STANDARDS AND SPECIFICATIONS TO ALL OF YOUR PURCHASES AND LEASES</b>	
<b>In Establishing the Shop, Satellite and/or Mobile Unit</b>	<b>In the Continuing Operation of the Shop, Satellite and/or Mobile Unit</b>
<b>Approximately 90-95%</b>	<b>Approximately 90-95%</b>

We and our affiliates have the right to receive payments or other material consideration from authorized suppliers based upon their dealings with you, us and other franchisees and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Suppliers may pay us based upon the quantities of products the System purchases from them. These fees will usually be based upon the amount purchased or, in the case of food products, an amount per case or an amount per pound. We may receive fees from a supplier as a condition of our approval of that supplier. We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers. We currently have purchasing arrangements for some suppliers that provide certain food and supplies for the System. We do not currently, but we may in the future, have purchasing or distribution cooperatives.

The Rita's Products are manufactured for us and we sell the Rita's Products and certain Non-Proprietary Products to System franchisees using our distribution agents. We receive rebates or allowances based on (i) our purchases from the suppliers/manufacturers of Products (including the Rita's Products), and (ii) services that distribution agents provide to us. We sell and deliver the Products (including the Rita's Products) and other items to System franchisees using our distribution agents. Additionally, we receive rebates (ranging from 1.6 – 5.1% of System franchisees' purchases on certain equipment and services) from certain designated or approved suppliers or service providers to System franchisees based on System franchisees' purchases. During our last fiscal year, we received \$62,878 in revenue (or .2% of our total revenues of \$31,363,527) based on such purchases by System franchisees.

#### 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.**

#### FRANCHISEE'S OBLIGATIONS

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§§ 1.2, 5, 7.18 of the Franchise Agreement; the Site Selection Addendum; and 3 and 5 of the Development Agreement; § 3.4 of the Satellite Addendum	6 and 11
b. Pre-opening purchases/leases	§§ 7.3, 7.4, 7.6, 7.7, 7.8, 7.9 of the Franchise Agreement and the Site Selection Addendum	7 and 8
c. Site development and other pre-opening requirements	§§ 5, 6.1, 7.6, 7.7, 7.8, 7.9 of the Franchise Agreement; the Site Selection Addendum; § 3 and Exhibit A to the Development Agreement	6, 7 and 11



<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
d. Initial and ongoing training	§ 6 of the Franchise Agreement; § 3.3 of the Satellite Addendum; § 2.4 of the Mobile Addendum	6, 7 and 11
e. Opening	§ 5 of the Franchise Agreement; the Site Selection Addendum; § 3 and Exhibit A to the Development Agreement; § 5 of the Satellite Addendum; § 5 of the Mobile Addendum	11
f. Fees	§§ 2.2.9, 4, 6.2, 6.3, 7.24, 7.25, 12, 14.3 and Exhibit A to the Franchise Agreement; the Site Selection Addendum; § 4 of the Development Agreement; § 2 of the Satellite Addendum; § 4 of the Mobile Addendum	5, 6 and 7
g. Compliance with standards and policies/Operating Manual	§§ 5.8, 7.9, 11 of the Franchise Agreement; § 3.3 of the Satellite Addendum; § 2.4 of the Mobile Addendum	8 and 11
h. Trademarks and proprietary information	§§ 1.1, 1.3, 1.4, 5.3, 5.7, 7, 8, 9, 10, 12.8, 15.2, 16.3, 16.4, 16.6, 16.12, 17.3, 21.4, 26.2 of the Franchise Agreement; §§ 1.3 and 1.4 of the Development Agreement	13 and 14
i. Restrictions on products/services offered	§§ 1.4, 1.5, 1.6, 7, 9 of the Franchise Agreement; § 3 of the Satellite Addendum; §§ 2.1, 2.4, 5.2 of the Mobile Addendum	8 and 16
j. Warranty and guest service requirements	§§ 5.7, 7.12, 9.7 of the Franchise Agreement	11
k. Territorial development and sales quotas	§§ 1.2, 1.3, 1.4, 1.5, 1.6 of the Franchise Agreement; §§ 1.2 and 6 of the Development Agreement; §§ 3.1, 3.3, 3.4 of the Satellite Addendum; §§ 2.1, 2.2, 2.3, 2.4 of the Satellite Addendum	12
l. Ongoing product/service purchases	§§ 3.5, 3.9, 3.10, 3.11, 3.12, 7.3, 7.5, 7.7, 7.8, 12 of the Franchise Agreement	8
m. Maintenance, appearance, and remodeling requirements	§§ 2.2.7, 3.1, 3.2, 5.4, 5.9, 7.3, 7.7, 7.9, 7.10, 7.11, 7.13, 7.15, 8.3, 8.4.6, 9.4, 9.6, 9.7, 9.9, 14.3.8 of the Franchise Agreement	17
n. Insurance	§ 13 of the Franchise Agreement; § 3.5 of the Satellite Addendum; § 2.5 of the Mobile Addendum	6 and 7
o. Advertising	§§ 9.7.10 and 12 of the Franchise Agreement; §§ 2.2, 4, 5.2 of the Satellite Addendum; §§ 3, 4.2 of the Mobile Addendum	6, 7 and 11
p. Indemnification	§§ 2.2.4, 14.9, 20.3, owner guarantee signature page, ADA Certification of the Franchise Agreement; § 12 and Exhibit D to the Development Agreement	6

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
q. Owner's participation/management/staffing	§§ 6, 7.16, 9.1, 9.7.13, 14.10, 17.1, 18, owner guarantee signature page of the Franchise Agreement	11 and 15
r. Records and reports	§§ 4.5, 11, 12 of the Franchise Agreement; § 5 of the Development Agreement; § 2.2 of the Satellite Addendum; § 4.3 of the Mobile Addendum	6
s. Inspections and audits	§§ 3.8, 5.6, 5.8, 5.9, 7.7.1, 7.10, 9.7.6, 11.4, 15.3.2 of the Franchise Agreement; § 3.6 of the Satellite Addendum; § of the Mobile Addendum	6 and 11
t. Transfer	§§ 14, 15.2.6 of the Franchise Agreement; § 7 of the Development Agreement; § 6 of the Satellite Addendum; § 6 of the Mobile Addendum	6 and 17
u. Renewal	§ 2 of the Franchise Agreement; § 4 of the Satellite Addendum; § 3 of the Mobile Addendum	17
v. Post-termination obligations	§§ 16 and 17.4 of the Franchise Agreement; § 8 of the Development Agreement	17
w. Non-competition covenants	§ 17 of the Franchise Agreement; § 8 of the Development Agreement	17
x. Dispute resolution	§ 26 of the Franchise Agreement; §§ 8 and 17 of the Development Agreement	17
y. Other (Guarantee of franchisee obligations)	§§ 2.2.5, 14.3.5, 18.1 and owner guarantee signature page, of the Franchise Agreement; Exhibit D to the Development Agreement	15 and 17

## ITEM 10: FINANCING

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

We do not know if you will be able to obtain financing for all or part of your investment and, if so, what the terms of such financing will be. We do not receive direct or indirect payments for placing financing.

We participate in the SBA's Franchise Registry Program described at [www.franchiseregistry.com](http://www.franchiseregistry.com). Under the SBA's Franchise Registry Program, we may modify the Franchise Agreement and Development Agreement, if necessary, to comply with SBA requirements for you to participate in certain SBA loan programs.

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

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

### Services and Assistance Before Opening

#### Franchise Agreement

Before you open the Shop (and, as applicable, the Satellite), we:

- (a) will, if the location for the Shop is not known when the Franchise Agreement is signed, review (i) your request for a proposed location for the Shop and (ii) information that you submit in connection with your request. We will accept a site that meets with our standards, requirements and criteria for a Rita's shop ("**Accepted Location**") and designate the Territory for the Shop. (Franchise Agreement, Sections 1.2 and 5.2)
- (b) will make available standardized design plans and specification for Rita's shops, including exterior and interior design and layout, fixtures, equipment, furnishings, signs and graphics. (Franchise Agreement, Section 3.1)
- (c) will provide initial training for franchisees and managers ("**Initial Training**"), at no charge, for up to two trainees. (Franchise Agreement, Section 3.3)
- (d) will provide any on-site pre-opening and opening supervision and assistance we deem appropriate. (Franchise Agreement, Section 3.4)
- (e) will loan you the Manuals by electronic access. (Franchise Agreement, Section 3.6)
- (f) will confirm that the lease includes the Lease Rider or provisions required by the Franchise Agreement. (Franchise Agreement, Section 5.3)
- (g) will, at our option, designate one or more Required Design Firms to supply services to the System. (Franchise Agreement, Section 5.4)
- (h) will, at our option, designate an approved contractor or furnish you with a list of approved contractors to employee in the construction of the Shop. (Franchise Agreement, Section 5.5.1)
- (i) will receive from you the funds for the Minimum New Shop Marketing Expenditure and distribute those funds as necessary to conduct the New Shop Marketing Program. (Franchise Agreement, 12.4)
- (j) will approve the opening of the Shop. (Franchise Agreement, Section 5.8)

#### Development Agreement

Before you open each Shop, we will provide the following types of assistance and services to you:

- (a) Accept or not accept each proposed site for each Shop. (Development Agreement, Section 3.2)

(b) Accept or not accept each proposed lease/sublease for each Shop. (Development Agreement, Section 3.3)

(c) Provide you with limited site selection assistance, as we deem advisable. (Development Agreement, Section 5.1.1)

(d) Provide you with on-site evaluation, as we deem advisable. (Development Agreement, Section 5.1.2)

## **Services and Assistance During Operation**

### **Franchise Agreement**

During the operation of the Shop (and, as applicable, the Satellite), we:

(a) will make available to you any marketing materials produced from contributions to the Branding Fund. (Franchise Agreement, Section 3.5)

(b) will conduct, as we determine is advisable, inspections of your operations of the Shop, Satellite and/or Mobile Unit. (Franchise Agreement, Section 3.8)

(c) will, as we determine is appropriate, provide, from time to time, advice and written materials concerning techniques of managing and operating the Shop, including required and suggested inventory and cost control methods, new developments in equipment, food products packaging and preparation, improvements in Rita's shops layout and design, and new developments in products and marketing techniques. (Franchise Agreement, Section 3.7)

(d) will determine the amount of Yield Based Royalty attributable to each Product. (Franchise Agreement, Section 4.2)

(e) will conduct or arrange for training for replacement managers and any additional courses, seminars and other training programs we may require from time to time. (Franchise Agreement, Section 6.2)

(f) will prescribe and modify the System Operating Standards from time to time. (Franchise Agreement, Sections 7.1 and 9)

(g) will review any authorization request you make to purchase any equipment, supplies services and products from suppliers other than those previously designated or approved by us. (Franchise Agreement, Section 7.7.1)

(h) will make available to you for purchase, or designate or approve other distributors or suppliers who will make available to you for purchase, certain Rita's Products. (Franchise Agreement, Section 3.9)

(i) will specify the information that you must collect and maintain on the Computer System installed at the Shop. (Franchise Agreement, Section 7.8)

(j) will designate suppliers for the Products, Operating Assets, and other items and services. (Franchise Agreement, Section 9)

(k) will maintain and administer the Branding Fund and direct all marketing programs and determine the concepts, materials and media used in these programs and placement and allocations of them. Upon your request, we will give you access to an annual accounting of the receipts and disbursements of the Branding Fund. (Franchise Agreement, Section 12.2)

(l) may designate any geographical area for purposes of establishing a Cooperative and determine how the Cooperative is organized and governed. (Franchise Agreement, Section 12.3.5)

### Development Agreement

The Development Agreement does not require us to provide any other assistance or services during the operation of the Shop.

### Advertising, Websites and Social Media

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, we may require you to expend on advertising and promotion, or to participate in and contribute for the purpose of advertising and promotion, each year during the term of the Franchise Agreement (the “**Advertising Obligation**”). We will determine what proportion of the Advertising Obligation you must: (1) contribute to the Branding Fund; (2) spend on local advertising and promotion; and (3) contribute to a Cooperative (if one is established for your region). See Item 6 for a summary of the total amount we can require you to expend to satisfy the Advertising Obligation. As of the date of this Disclosure Document, there are no franchisee advertising councils.

You (directly or through a Cooperative) may not use any marketing or promotional plans or materials until the materials have been submitted for our prior approval. If you do not receive written notice of disapproval from us within 10 business days of the date of receipt by us of the samples or materials, we will be deemed to have approved them for your use (see Item 8 above). (Franchise Agreement, Section 12.7)

### The Branding Fund

We may maintain and administer the Branding Fund. There is no fiduciary or trust relationship created by our administering the Branding Fund. We will administer the Branding Fund as follows:

1. We will direct all marketing programs and determine the concepts, materials and media used in the programs and their placement. The Branding Fund is intended to maximize general public recognition, acceptance and use of the System; and we are not obligated, in administering the Branding Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Branding Fund. We may use the Branding Fund for national, regional and local marketing programs and we are not obligated to spend any amount on advertising in the area where you are located. (Franchise Agreement, Section 12.2)

2. We will use the Branding Fund, all contributions to it and any earnings on it, exclusively for any and all internal and external costs of maintaining, administering, directing, conducting and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities including socially responsible activities, which we believe would enhance the image of the System and/or Rita’s brand, which may include the costs of preparing and conducting media marketing campaigns; developing, maintaining and updating the Website, Apps and other customer facing technology; direct mail

advertising; grand opening advertising, special events; marketing/pricing surveys and research and other public relations activities; employing advertising and/or public relations employees, people and agencies to assist with them; implementing and operating loyalty programs and gift cards; implementing social networking promotional initiatives through online media channels; providing social media management services and tools; purchasing promotional items; conducting and administering in-shop promotions and customer sampling promotions; and providing promotional and other marketing materials and services to Rita's shops operating under the System. We may employ an advertising agency or other agency to assist in the development, production and dissemination of advertising materials, and/or we may hire personnel to perform these functions. We may charge all costs of the formulation, development and placement of advertising and promotional materials to the Branding Fund. These costs may include the proportionate share of our personnel who devote time and render services for advertising and promotion or the administration of the Branding Fund, including administrative costs, salaries, overhead expenses related to administering the Branding Fund and its programs. (Franchise Agreement, Section 12.2)

3. You must contribute to the Branding Fund by separate payment (or as otherwise directed for payment) made payable to us in the manner we may direct periodically. (See Item 6 for the manner of payment). Our company-owned and affiliate-owned Shops will contribute to the Branding Fund on the same bases as System franchisees. We may not provide materials produced by the Branding Fund to you if you have not made your contributions to the Branding Fund, or during a period in which you are not required to make a contribution. We will account separately for all sums paid to the Branding Fund. We will not use them for any of our expenses, except for reasonable costs and overhead, if any, that we incur in activities reasonably related to the direction and implementation of the Branding Fund and marketing programs for franchisees and the System. These costs may include costs of personnel for creating and implementing marketing, advertising, public relations and promotional programs. The Branding Fund and any earnings on it will not otherwise benefit us. (Franchise Agreement, Section 13.2)

4. At your request, we will provide you with access to an annual report of Branding Fund contributions and disbursements. During the period January 1, 2020 through December 31, 2020, the Branding Fund spent an estimated 12% of contributions to the Branding Fund on media, 10% on digital, 1% on local shop marketing conducted by System franchisees, 25% on production, 29% on agency costs, 20% on administration and 3% on other costs (including licensing fees, research and product sampling). Although our fiscal year end is September 30, the fiscal year end for the Branding Fund is December 31. Currently, we have the annual report of the Branding Fund contributions and disbursements audited, and that audit is usually complete midyear. The information above represents pre-audit numbers that are awaiting confirmation through the audit.

5. We may disseminate advertising in a variety of media, including print, radio, television, point-of-purchase materials or other media. If we do not use all of the contributions to the Branding Fund in the year in which they accrue, we will use these amounts in a subsequent year. In any fiscal year, we may spend more or less than the aggregate of contributions to the Branding Fund in that year. The Branding Fund may borrow from third-party lenders or us to cover deficits, and any lenders will receive interest on the borrowed funds. We do not use any money from the Branding Fund for advertising that is principally a solicitation for the sale of franchises. (Franchise Agreement, Section 13.2)

#### Local Advertising and Promotion

The Franchise Agreement requires you to spend a specified percentage of the Shop's, Satellite's and/or Mobil Unit's Gross Sales to conduct local advertising and promotion, which must be approved by us. You must submit bills, statements, invoices or other documentation satisfactory to us to evidence your advertising or marketing activities. The required local advertising and promotion expenditure is

summarized in Item 6 above. We may require you to participate in mandatory promotions that we may develop from time to time. (Franchise Agreement, Sections 7.12, 9.7.10 and 12.1)

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements and must be conducted in the media, type and format that we have approved. As described above, you may not use any advertising or promotional plans that we have not approved in writing. All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this requirement. (The requirements in this paragraph, as well as in the previous paragraph, will also apply to any Cooperatives.)

As used in the Franchise Agreement, the term "local advertising and promotion" refers to only the direct costs of purchasing and producing advertising materials (including camera-ready advertising and point of sale materials), media (space or time), promotion, your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area, and other activities and expenses we may specify. We may provide to you, in the Manuals or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotion," including the value of advertising coupons, discounts given to customers and the costs of products provided for free or at a reduced charge for promotions, charities or donations.

### Cooperatives

We may, as described in Item 6 and above, designate any geographical area for purposes of establishing one or more Cooperatives for local and regional advertising and promotion activities. If we elect this option and establish, or authorize others to establish, an advertising and marketing Cooperative, we may require any System franchisees with a Shop and/or Satellite located within the geographic area of the Cooperative to become a member and to contribute to the Cooperative each month an amount specified by us. During any period of time a mandatory Cooperative is in existence for the geographic area in which the Shop and/or Satellite are located, you must contribute to the Cooperative. See Item 6 for a summary of the total amount we can require you to contribute to a Cooperative. (Franchise Agreement, Sections 12.1.2 and 12.3). As of the date of this Disclosure Document, we have 6 Cooperatives. If a mandatory Cooperative for the geographic area in which the Shop and/or Satellite is located is established, you must (i) become a member of the Cooperative on the date on which the Cooperative commences operation and (ii) commence making required contributions to the Cooperative; provided, however, we will designate when new Shops and/or Satellites start to contribute to the Cooperative. In no event will the Shop and/or Satellite be required to be a member of more than one Cooperative; however, if you own more than one Shop and/or Satellite, and the Shops and/or Satellites are in different areas, it is possible that your Shops and/or Satellites will be in different Cooperatives. Each Cooperative will be organized and governed in a form and manner approved by us in writing and will commence operations on a date specified or approved by us. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising and promotion.

### New Shop Marketing Program

As described in Item 7, you must conduct a New Shop Marketing Program within 60 days prior to opening the Shop and/or Satellite to the first 6 months of operations of the Shop and/or Satellite. You must spend the Minimum New Shop Marketing Program Expenditure (\$12,000 for a Standard Shop and \$10,000 for an Express Shop or Satellite) on activities as outlined in the New Shop Marketing Program, which is in our Manual, to promote and conduct the New Shop Marketing Program. See Item 7 for

additional information regarding the costs and permitted expenditures. We will assist you in developing the New Shop Marketing Program. You must deposit the Minimum New Shop Marketing Program Expenditure with us within 15 days of your execution of the lease or sublease for the Shop or Satellite (or, if you will not be occupying the premises under a lease or sublease, within 15 days after the execution of the Accepted Location Addendum) and we will distribute the funds as necessary to conduct the New Shop Marketing Program.

### Websites

Any Website (as defined below) is deemed “advertising” under the Franchise Agreement and is subject to (among other things) our review (as described above) and prior written approval before it may be used. The term “**Website**” means an interactive electronic document, contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

1. We may establish a Website to promote the Proprietary Marks, any or all of the Products, Rita’s shops and/or the System. We have the right to control all aspects of the Website, including its design, content, functionality, links to the Websites of third parties, and policies and terms of usage.
2. You may not establish a Website that uses or involves the Proprietary Marks, or any of the Products, Rita’s shops or the System.
3. We may designate one or more webpage(s) of any Website that we maintain to describe any of the System franchisees and/or Rita’s shops. We may limit and/or discontinue any or all webpages.
4. In addition to any other applicable requirements, you must comply with our policies for Websites (which we may issue periodically in the Manuals or otherwise in writing). (Franchise Agreement, Section 12.8)

In the future, we intend to provide standardized webpages to Rita’s shops. The standardized webpages use the look and feel of our Website and provide the means for each System franchisee to customize certain content areas of its webpages, so long as the franchisee complies with our standards and guidelines. It is the responsibility of each franchisee to maintain specific information about its Rita’s shop and its operations. We have final approval of all content on all webpages and will have the right to remove any content. Your webpage will be accessible to the public at a specific internet address. We will control URL specifications and maintain the right to change the URL at any time in the future.

### Social Media

You must comply with the standards and procedures developed by us for the System, in the manner directed by us in the Manuals or otherwise, as to your use of: blogs, common social networks (such as “Facebook” and “Instagram”), professional networks (such as “Linked-In”), live blogging tools (such as “Twitter”), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (“Social Media”) that in any way references or involves (i) the Proprietary Marks, (ii) the Shop, Satellite and/or Mobile Unit or (iii) the System.

### Computer System

For the Shop and/or Satellite, you must purchase the Computer System that complies with the System Operating Standards and Manuals. The current initial cost of the Computer System is approximately \$1,900.



The main functions of the Computer System are to collect and manage information about the various sales transactions at the Shop, Satellite and/or Mobile Unit. For example, you will likely use the Computer System for order entry, credit card processing, time and attendance reporting, cash and credit card reconciliation, reporting for the Shop and electronic communication with us. You must cooperate with us in helping us access this information. You must obtain the appropriate communications devices to permit the Computer System to operate. You must obtain Internet access services in the Shop and/or Satellite that meets the requirements to operate the Computer System through a reputable Internet service provider.

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. Our designated suppliers may do so from time to time, but you will need to contact them to determine what services (e.g., maintenance services) they provide and the cost of those services. We estimate that the annual cost for maintenance and support of your Computer System will be approximately \$500 to \$2,400 (the high end of the range assumes you are using advanced Computer System with three terminals for the Shop and/or Satellite). Where you fall within this range depends on the approved supplier you use, the optional services you elect and the number of terminals you have for the Shop, Satellite and/or Mobile Unit. You are contractually required at your expense to upgrade and update the Computer System to remain in compliance with the System Operating Standards. As of the date of this Disclosure Document, we are not aware of the range nor the frequency of upgrades or updates. There are no contractual limitations on the frequency and cost of this requirement.

We require the Computer System to be accessible by us via modem or other standard internet connections. We have the right at any time to poll your system to retrieve and compile information concerning the Shop. In other words, we will have independent access to your sales information and data produced or generated by your Computer System and any other computers used in connection with the Shop. There are no contractual limitations on our right to access this information and data. (See Franchise Agreement, Section 7.8)

### **Confidential System Manuals**

We have three separate manuals that make up the Manuals: the Operations Manual, the Products and Procedures Manual and the Product Recipes Manual. The table of contents for each manual is attached as Exhibit F to this Disclosure Document. There are 1,233 total pages in the Manuals – the Operations Manual is 236 pages, the Product and Procedures Manual is 363 pages, and the Recipes Manual is 634 pages.

### **Site Selection & Design and Construction**

#### **Franchise Agreement**

Generally, the Accepted Location is not known when the Franchise Agreement is signed. If, at the time the Franchise Agreement is signed, a location for the Shop has not been accepted by us, you must look for proposed sites for the Shops in the site selection area specified in Exhibit A to the Franchise Agreement and obtain our acceptance for the Accepted Location for the Shop within 120 days after the effective date of the Franchise Agreement. You must submit to us all information we request in considering the proposed location. While there is no contractual limit on the time it takes us to accept or disapprove your proposed location, once we have all the necessary documentation for review, we typically take 30 days to accept or disapprove the proposed location as an Accepted Location. If you fail to obtain our acceptance and authorization for an Accepted Location in the required timeframe, we may terminate the Franchise Agreement.

## Satellite Addendum

Generally, the Satellite Addendum will be signed only after a location has been authorized as the Accepted Satellite Location. If, at the time the Satellite Addendum is signed, a location for the Satellite has not been accepted by us, you must look for proposed sites for the Satellite in the Territory for the Shop the Satellite operates under and obtain our acceptance and authorization for the Accepted Satellite Location for the Shop within 120 days after the executing the Satellite Addendum. You must submit to us all information we request in considering the proposed location. While there is no contractual limit on the time it takes us to accept or disapprove your proposed location, once we have all the necessary documentation for review, we typically take 30 days to accept or disapprove the proposed location as an Accepted Satellite Location. If you fail to obtain our acceptance and authorization for an Accepted Satellite Location in the required timeframe, we may terminate the Satellite Addendum.

## Mobile Addendum

A Mobile Unit will not have an accepted site. As described in Item 1, a Mobile Unit will operate at Mobile Events that are preapproved by us.

## Development Agreement

For each site for a Shop to be developed under the Development Agreement, you must submit to us all information we request in considering the proposed location. While there is no contractual limit on the time it takes us to accept or disapprove your proposed location, once we have all the necessary documentation for review, we typically take 30 days to accept or disapprove the proposed location for the Shop.

## Criteria for Accepting and Authorizing of Proposed Accepted Location/Accepted Satellite Location

In accepting and authorizing a location for a Shop/Satellite, we consider factors such as the general neighborhood, traffic patterns, parking, layout, physical characteristics of the site, lease duration and other factors. The location for the Shop/Satellite may be leased or owned by you. Our approval of a location will be based on the information you give us to review. The information you must provide to us to review includes: (i) square footage; (ii) traffic patterns, flow and total count; (iii) density and income level of the surrounding population; (iv) dimensional lease outline drawings; (v) zoning patterns; (vi) surrounding educational and recreational facilities, parks and community centers; (vii) terms of the lease, if any; (viii) a list of competing businesses and their locations, including other Rita's shops; and (ix) other factors having a substantial bearing on the proposed location.

Whether a site is identified before signing the Franchise Agreement/Satellite Addenda, or is identified in connection with the Development Agreement, a site will not be deemed accepted unless it has been expressly authorized in writing by us. Our authorization of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Shop/Satellite or for any other purpose. Authorization of the site by us indicates only that the site meets our minimum requirements for a Rita's shop site as set forth in the Manuals.

## Start-up Time

We expect that you will open the Shop/Satellite within 6 to 9 months after you sign the Franchise Agreement/Satellite Addendum. The factors that affect this timing are financing, building permits, zoning, local ordinance issues and delayed installation of equipment, fixtures and signs.

Within 120 days of signing the Franchise Agreement/Satellite Addendum, you must obtain our acceptance and authorization for the site for the Accepted Location/Accepted Satellite Location and obtain possession by lease or purchase of the Accepted Location/Accepted Satellite Location for the Shop/Satellite. You must commence construction or renovation of the Shop/Satellite within 90 days after execution of the approved lease for the Shop/Satellite or purchase of the site for the Shop/Satellite or, if your right to occupy the Accepted Location/Accepted Satellite Location begins after the date of execution of the lease, within 30 days after obtaining possession of the premises. You must complete construction/renovation of the Shop/Satellite and open the Shop/Satellite within 60 days after commencement of construction/renovations. If you signed a Franchise Agreement, you must open the Shop no later than 270 days after signing the Franchise Agreement. If you signed a Satellite Addendum, you must open the Satellite no later than 270 days after signing the Satellite Addendum. If you do not comply with the time frames discussed above, we may terminate the Franchise Agreement/Satellite Addendum.

### **Training Program**

Our Initial Training consists of training at Rita's Online University, Cool University and a franchised Rita's shop that is certified for training ("Certified Shop"). We will also provide on-site opening assistance when you open the Shop.

You (or if you are an entity, an owner acceptable to us) and one other employee we approve, must attend and successfully complete training (to our satisfaction) at our training facility and at a Rita's shop. You must complete the Initial Training between 45 – 65 days before opening the Shop. For most effectiveness, we recommend that you schedule Initial Training as close to the Shop opening as possible.

The Initial Training consists of 5 to 6 days of training at the Cool University training facility located in Trevoze, Pennsylvania and at least 4 days of in-shop training at a Certified Shop. We will designate the Certified Shop at which you must train. If you attend training during a period when seasonal Rita's shops are not operating (October through February), you will need to be trained at a Certified Shop that operates year-round and such Certified Shop will likely be in the South or West where Rita's shops operate year-round. You should budget for travel to a Certified Shop in the South or West if training will occur when seasonal Rita's shops are not operating. The Initial Training will include training in the preparation of Italian ice, frozen custard and other products sold at Rita shops, methods of operation, techniques of doing business, bookkeeping; establishing and maintaining quality standards; guest service, advertising and promotions; opening methods and techniques; and such other items as we determine. At our option, each of your additional and/or replacement managers must attend, and successfully complete (to our satisfaction), Initial Training. In addition to the training of the two individuals described above, any approved personnel from the Shop responsible for preparing menu items from a Rita's Mix Items must be certified in a manner prescribed by us to prepare Menu Items. (See Item 6)

If you or any of your owners (or, if applicable, your manager) fails to complete the Initial Training to our satisfaction, you must attend Initial Training again and we may terminate the Franchise Agreement if you fail to complete the subsequent Initial Training to our satisfaction. If you fail to complete the second Initial Training to our satisfaction, we will not reimburse any portion of your initial franchise fee or pay for your travel expenses to attend the Initial Training.

You and your manager and other employees must also attend such additional courses, seminars, conventions and programs as we may reasonably require from time to time. All training will be conducted at times, dates and places we designate from time to time and will be subject to the availability of our personnel. For the Initial Training and all additional courses, seminars, conventions and programs described above, we will provide, at no charge to you, a total of 14 days of training, instructors and materials for you or your employees during the term of the Franchise Agreement. You or your employees will be

responsible for any and all expenses incurred in connection with any courses, seminars, conventions and programs, including, costs of accommodations, meals, wages and travel, as well as worker’s compensation insurance. If you register for and fail to attend a training course without providing notice of the cancellation at least 10 business days before the scheduled training course, you must pay our then-current cancellation fee. We reserve the right to charge the then-current cancellation fee if you reschedule the Initial Training for a time other than the scheduled training date. We have the right to provide any training program through seminars, lectures, classes, Internet-based programs, conference calls or other methods. We have the right to charge you our then-current training fee for any initial training, ongoing training or additional training. See Items 6 and 7 for a further description of fees and expenses related to training.

The Initial Training is currently conducted on an as-needed basis. We currently maintain a training and franchise service team which provides franchisee training. All training is provided under the supervision of our Vice President of Global Supply Chain and Operations Support, Kathy Deal. Ms. Deal has been with us since December 2017 and our predecessors since 1996. Ms. Deal has over 30 years of Food Service Experience. The members of Ms. Deal’s training staff have an average of 5 years of experience with us or our predecessors and 10 years of food service experience. The training program includes instruction as outlined in the following chart. Each day will consist of a minimum of 8 to 10 hours of instruction. Training Materials for the Training Program consist of the Manuals and a training binder. Attendees are required to complete prerequisite coursework or readings before attending any training. Attendees must also pass an assessment after each training subject outlined in the chart below. All information presented in the classroom is reinforced at the required onsite job training. We may, in our sole discretion, conduct the Initial Training and/or any other training remotely (via Rita’s Online University and/or any other method decided by us).

### TRAINING PROGRAM

<b>Initial Training Subject</b>	<b>Minutes of Online Training</b>	<b>Minutes of Classroom Training</b>	<b>Hours of Hands-on Training</b>	<b>Training Location</b>
Treat Team Orientation	12			Rita's Online University
Food Safety	14			Rita's Online University
Italian Ice	15			Rita's Online University
Frozen Custard	15			Rita's Online University
Gelati	7			Rita's Online University
Blendini	13			Rita's Online University
Misto	8			Rita's Online University
Frozen Drink	6			Rita's Online University
Milkshake	8			Rita's Online University
SUPER Service & GUEST Experience	14			Rita's Online University
Recipe Preparation	9			Rita's Online University
Production Sheets	4			Rita's Online University
Production Procedures	11			Rita's Online University
Half and Quarter Container Production Procedures	12			Rita's Online University
Batch Machine Servicing	16			Rita's Online University
Custard Machine Servicing	21			Rita's Online University
The CoolNet Overview	15			Rita's Online University

Operational Standards	30			Rita's Online University
Credit Card & Gift Card	10			Trevose, PA
The CoolNet Overview		30		Trevose, PA
Products & Environmental Procedures		60		Trevose, PA
Custard Machine Cleaning		30	1	Trevose, PA
Ice Production		30	6.5	Trevose, PA
Storefront Products & Daily Procedures			7	Trevose, PA
Production Sheets		45		Trevose, PA
SUPER Service		45		Trevose, PA
Supply Chain		45		Trevose, PA
Labor, Scheduling & Building your Treat Team		90		Trevose, PA
Inventory Management		90		Trevose, PA
Controlling Costs		45		Trevose, PA
Local Shop Marketing			1	Trevose, PA
Registers, Sales Review Analysis & SMART Program, POS Systems		60		Trevose, PA
Weekly Review		30		Trevose, PA
Test		60		Trevose, PA
Mock Training			2.5	Trevose, PA
In Shop Franchise Training			40	Certified Shop location to be designated by us

## ITEM 12: TERRITORY

The following describes how the Territory and Development Search Area are determined, and the rights that you and we have under the Franchise Agreement and Development Agreement.

### **Franchise Agreement**

If the Accepted Location is known at the time that you sign the Franchise Agreement, the Franchise Agreement will specify the Accepted Location for the Shop and the Territory. Your Territory will be negotiated by you and us before you sign the Franchise Agreement and described in the Franchise Agreement. The size and scope of the Territory will be contained in the Franchise Agreement and will be determined on a case-by-case basis. The Territory will be determined by various factors including demographics, the concentration of other businesses in the vicinity, existing and potential shop competition, projections of growth in the area and the economic environment. The Territory can also be impacted by geographic and/or man-made conditions such as bodies of water, mountains, driving conditions and other factors which may necessitate the Territory being less than the radius mentioned below. If the Standard Shop is located in a large metropolitan area, the Territory is described by a certain shopping area, defined area based on blocks (or a radius) and that area may range from approximately one-tenth of a mile to one mile as determined on a case-by-case basis. If the Standard Shop is located in a smaller city or rural area, the Territory is described by a radius and the radius may range from one-tenth of a mile up to two and a half miles. The Territory for an Express Shop will generally be the venue or Institutional Facility (defined

below) in which the Express Shop is located. If the Accepted Location is not known when you sign the Franchise Agreement, we will designate the Territory once we authorize a location for the Shop, and the Accepted Location and Territory will be documented in the Accepted Location Addendum to the Franchise Agreement.

During the term of the Franchise Agreement, we will not own, acquire, establish and/or operate, nor license and/or franchise any other person to establish or operate a Standard Shop, Express Shop or Satellite in the Territory except as may be permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances under which the Territory may be altered prior to expiration or termination of the Franchise Agreement. Upon termination, abandonment, closure or relocation, the Territory will no longer belong to you. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration or other factors, other than compliance with the Franchise Agreement. You will have no right of first refusal and, unless you sign the Development Agreement, you will not have any similar rights to acquire additional franchises or establish additional Rita's shops.

You may engage in Catering Activities, provided that the Catering Activities are conducted in accordance with the terms and conditions stated (i) in the Franchise Agreement, (ii) Manuals and (iii) in any required written authorization or writing from us related to Catering Activities. We may restrict Catering Activities to the Territory now or in the future. If we desire the selling of Products at a Captive Mobile Event (defined below) in the Territory, we will send you a **“Request for Notice”** if you have a license to do Mobile Events. If you have a license to do Mobile Events, we send you a Request for Notice and you desire to sell Product at the Captive Mobile Event described in the Request for Notice, you must send us a **“Notice of Intent to Service”** within five business days after receipt by you of such Request for Notice. If you do not send us a Notice of Intent to Service within five business days after the date of receipt by you of the Request for Notice, you will be deemed to have waived any rights to sell Products at such Captive Mobile Event. If you waive the right to sell Products at any Captive Mobile Event or you do not have a license to do Mobile Events, we may sell Products or grant another System franchisee the right to sell Products at such Captive Mobile Event. A **“Captive Mobile Event”** is a festival, fair, special event, outdoor arena, weekend-outdoor markets or similar event that is located at least .5 miles from the Shop (and any Satellite you operate in the Territory).

We may require or permit (by written consent) you to offer delivery services (**“Delivery Services”**). Delivery Services may be services you provide directly or services you provide indirectly through third-parties. Consent to offer Delivery Services may be conditioned on you having certain equipment, training and staffing. If you obtain consent and you provide Delivery Services, you must do so as provided for in the Manuals and Franchise Agreement. We may require you to use designated or approved vendors for Delivery Services. We, our affiliates and other franchisees may provide Delivery Services near the Accepted Location and in the Territory. We may revise and/or make exceptions to our Delivery Services policies as they apply to you and other franchisees.

Although you will receive a 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.

### **Satellite Addendum**

The Satellite Addendum does not grant any territory to the Satellite. The Satellite operates within the Territory of the Shop the Satellite operates under. If the Accepted Satellite Location is known at the time that you sign the Satellite Addendum, your Satellite Addendum will specify the Accepted Satellite Location for the Satellite. If the Accepted Satellite Location is not known when you sign the Satellite

Addendum, the Accepted Location will be documented in an Accepted Location Addendum once we authorize a location for the Satellite.

### **Mobile Addendum**

The Mobile Addendum does not grant any territory to the Mobile Unit. The Mobile Unit operates within the Territory of the Shop the Mobile Unit operates under. We have no obligation to consider Mobile Events outside the Territory for the Shop that the Mobile Unit operate under.

### **Development Agreement**

If you sign a Development Agreement, the Development Agreement will specify the development search area ("**Development Search Area**"), within which you may locate potential sites for Shops, subject to our approval. The size and scope of the Development Search Area will be contained in the Development Agreement and will be determined on a case-by-case basis. The factors that we consider in determining the size of a Development Search Area include current and projected market demand, demographics and population, traffic patterns, location of other Shops, the financial and other capabilities of the developer, and our development plans. By granting you rights to develop certain Shops in the Development Search Area, we are not promising that other Rita's shops will not be developed within the Development Search Area. There are no circumstances under which the Development Agreement may be altered prior to expiration or termination of the Development Agreement. Your right to develop in the Development Search Area is not dependent upon achievement of a certain sales volume, market penetration or other factors, other than compliance with the Development Agreement and Development Schedule.

Although you will receive a Development Search Area, 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.

### **Relocation**

You may not relocate the Shop or Satellite from the Accepted Location or Accepted Satellite Location unless you obtain our prior written approval of your request to relocate, which request must meet certain criteria. The substitute location must be within the Territory of the Shop (or, in the case of a Satellite, it must be within the Territory of the Shop the Satellite operates under). Among other factors, we will assess your financial ability to meet the necessary costs incurred in relocating. We are not required to approve any relocation request. If you qualify to relocate, we will require that you enter into our then-current form of Franchise Agreement (replacing your existing franchise agreement) for the remainder of the term of your franchise. Although you will not pay an initial fee for entering into our then-current form of franchise agreement (as it will cover only the remainder of the term of your existing franchise), we will charge a fee for the re-location of a franchise to include our costs for the evaluation of you, your proposed site, the documentation of your proposed location and the replacement franchise agreement. See Item 6 for more information regarding the relocation fee.

### **Reserved Rights (under Franchise Agreement, Satellite Addendum, Mobile Addendum and Development Agreement)**

Under the Franchise Agreement, Satellite Addendum, Mobile Addendum and Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we and our affiliates retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(1) We may establish and operate and license other parties to establish and operate, Rita's shops and other types of locations (including mobile carts, vans/trailers stationary carts and kiosks) under the System and Proprietary Marks in the Territory and the Development Search Area at any existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, temporary events and any similar outlets as we and our affiliates determine (collectively, "**Institutional Facilities**"), in our and their discretion;

(2) We may use, and license others to use, the System and the Proprietary Marks for the operation and licensing of other Rita's shops at any location outside of the Territory and the Development Search Area;

(3) We may, within and outside the Territory and the Development Search Area, acquire, be acquired by, merge with or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks;

(4) We may, within and outside the Territory and the Development Search Area, (a) give, donate or contribute Products to charitable and community organizations and events for fundraising and other events, (b) use the Products for promotions and product demonstrations in the Territory and the Development Search Area and (c) offer Products for sampling by consumers and organizations for product testing, promotions and demonstrations;

(5) We may, within and outside the Territory and the Development Search Area, own, acquire, establish and/or operate and license others to establish and operate businesses under the Proprietary Marks, but which do not operate under the System and are not operating retail frozen dessert businesses; and

(6) We may, within and outside the Territory and the Development Search Area, sell and distribute (either ourselves or through licensees or designees) products (including the Products) under the Proprietary Marks in such manner and through other channels of distribution (other than Rita's shops) as we, in our discretion, determine, including, but not limited to, retail outlets (such as supermarkets, markets, machines, groceries, mom & pops, gourmet shops, convenience stores, food carts, warehouse clubs, drug stores and book stores), catering services, electronic distributions via computer networks (such as the World Wide Web, other areas of the Internet and/or other on-line networks through delivery services or otherwise), catalogs, direct mail, toll-free numbers and other communications methods now or hereafter devised of any nature. We reserve the right to implement any distribution arrangements relating to these alternate channels of distribution.

Except for authorized Catering Activities and Mobile Events, you may only sell Products at retail to customers who are physically present at your Accepted Location. You may not sell Products through the Internet or using any channel of distribution other than the Shop and/or Satellite.

### **ITEM 13: TRADEMARKS**

Under the Franchise Agreement (and any Satellite Addendum and/or Mobile Addendum), we grant you the non-exclusive right to operate the Shop, Satellite and/or Mobile Unit under the name "RITA'S" and to use the other Proprietary Marks we authorize you to use. Signing a Development Agreement does



not authorize you to use the Proprietary Marks. The following chart lists the principal Proprietary Marks that you may use with the Shop, Satellite and/or Mobile Unit, subject to your use conforming with the Franchise Agreement (and any Satellite Addendum and/or Mobile Addendum), the Manuals and other written directives we may issue. We are the owner of the Proprietary Marks and have registered the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”). All required affidavits have been filed.

<b>MARK</b>	<b>REGISTRATION NUMBER</b>	<b>DATE OF REGISTRATION</b>
Rita’s	2,614,810	September 3, 2002
Rita’s Ice Custard Happiness (and design)	3,521,372	October 21, 2008
Rita’s Ice Custard Happiness (and design)	3,521,406	October 21, 2008

We also own and claim common law trademark rights in the trade dress used in Rita’s shops. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving the Proprietary Marks. There are no currently effective agreements that significantly limit our rights to use or license the use of the Proprietary Marks listed above in a manner material to the franchise.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We may take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement you have signed to operate the Shop, Satellite and/or Mobile Unit, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement you signed to operate the Shop, Satellite and/or Mobile Unit, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

You must modify or discontinue the use of any of the Proprietary Marks if we instruct you to do so. If this happens, you must bear the tangible costs of compliance (i.e., changing signs) and we do not have to reimburse you for any loss of revenue due to any modified or discontinued Proprietary Marks, or for your expenses of promoting any modified or substitute Proprietary Marks. We may develop or acquire additional Proprietary Marks and make them available for your use.

You must not use the Proprietary Marks or any of the names that we now, or in the future, use for Rita’s Products as part of your corporate, partnership or other legal name, or to identify you or the Shop, Satellite and/or Mobile Unit in any other legal or financial activity (including in connection with any bank

account or trade account), or as part of any e-mail address, domain name, or other identification of you or the Shop and/or Satellite in any electronic medium, unless agreed to in advance, in writing, by us. You must also submit to us, for prior written approval, any corporate, partnership or other legal name that you propose to use. As necessary to conduct the business of the Shop, Satellite and/or Mobile Unit and obtain business permits for the operation of the Shop, Satellite and/or Mobile Unit, you may indicate that the Shop, Satellite and/or Mobile Unit will be doing business under the trade name "RITA'S" provided that you clearly identify yourself as the owner and operator of the Shop, Satellite and/or Mobile Unit and properly identify the legal name under which you (or your business entity) will be acting.

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

### **Patents and Copyrights**

We do not own any right in or to any patents or copyrights that are material to the franchise. However, we claim common law copyright protection for the Manuals and our other forms and materials, including our marketing materials, training materials, menu boards, specifications, architectural drawings, Rita's shop designs, marketing techniques, advertising programs, advertising strategies, supplier lists, expansion plans and other information we create or use. We also claim proprietary rights in the confidential information and trade secrets contained in the Manuals.

We may claim copyright protection in certain techniques we create and may patent certain processes and equipment we develop. Any modifications or improvements that you make to the System will be deemed works for hire which shall be owned exclusively by us. We do not have to compensate you for your modification or improvement.

### **Confidential Manuals**

After you and your manager complete Initial Training to our satisfaction, we will provide you with access (via electronic media as described below) to the Manuals or a copy of the Manuals on loan for the term of your franchise. The Manuals may be provided in multiple electronic files, or other volumes or parts. We may provide you with any portion or all of the Manuals, as well as other instructional materials, through electronic media, including computer disks, the Internet or our CoolNet. You must treat the Manuals, any other materials created for or approved for use in the operation of the Shop, Satellite and/or Mobile Unit and the information contained in them, as confidential, and must use reasonable efforts to maintain this information (both in electronic and written format) as proprietary and confidential. You must not copy, download, print or otherwise reproduce these materials or otherwise make them available to any unauthorized person. The Manuals will remain our sole property. You must keep them accessible only in a secure place on the premises of the Shop and/or Satellite.

We may revise the contents of the Manuals, and you must comply with each new or changed standard. You must ensure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copies which we maintain will control.

### **Confidential Information**

You must not, during or after the term of the agreements you execute, divulge or use for the benefit of anyone else any confidential information concerning the System and the methods of operation of the Shop, Satellite and/or Mobile Unit. You may divulge confidential information only to those employees who must have access to it in order to operate the Shop, Satellite and/or Mobile Unit. Any and all information, knowledge and other data which we designate as confidential will be deemed confidential.

At our request, you must obtain and provide us with signed covenants to maintain the confidentiality of information from any or all of the following persons: (1) your managers and any other personnel employed by you who have access to confidential information or received or will receive training, including Initial Training, from us; (2) all of your officers, directors and holders of a beneficial interest in your securities and of any corporation, partnership or limited liability company directly or indirectly controlling, controlled by or under common control with you if you are a corporation, partnership or limited liability company; and (3) your members, general partners and any limited partners. These covenants must be in a form we find satisfactory and specifically identify us as a third-party beneficiary of these covenants with the independent right to enforce them.

All new products, items, services and other developments, whether they be of Rita's original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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

### **Franchise Agreement**

If a franchisee is an entity or multiple owners, an owner must be appointed to serve as the “**Designated Owner**.” The Designated Owner must (i) devote his/her best efforts to the management of the operations of the Shop, (ii) live within a one-hour drive time of the Shop and/or Satellite, and (iii) have responsibility and decision-making authority regarding your business and the operation of the Shop, Satellite and Mobile Unit. You (or, if you are an entity, one of your owners) or your fully-trained manager shall devote full time and best efforts to the management and operation of the Shop, Satellite and/or Mobile Unit. The person who shall devote full time and best efforts to the management and operation of the business must have successfully completed Initial Training and be present at the Shop for such minimum hours of each day that we specify in the Manuals. We strongly recommend, however, that you provide the on-site management. Managers must attend and successfully complete to our satisfaction the Initial Training, as described in Item 11. You must notify us of any replacement of any manager. We do not have the right to otherwise approve the manager. You are not restricted as to whom you may hire as a manager for the Shop except that your manager must satisfactorily complete Initial Training. Your manager need not have any equity interest in the Shop.

You must hire all employees of the franchised business and are solely responsible for the terms of their work, training, compensation, management, promotions, terminations and oversight. System Operating Standards may regulate or provide guidance to you as to the Shop staffing levels, identifying the Shop’s management personnel, employee qualifications, their dress and appearance. However, your employees are under your day-to-day control. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer, and we, as the franchisor, are not their employer and do not engage in any employer-type activities (including those described above) for which only you are responsible.

You, and your officers, directors and owners may be required to enter into an agreement not to reveal confidential information and not compete with businesses under the System. See Items 14 and 17 for a description of these obligations. Any manager or personnel employed by you who has received or will receive training, including Initial Training, from us, may be required to sign a written agreement to execute covenants, as described in Item 14 of this Disclosure Document, under the subheading “Confidential Information.” Additionally, you, all owners of the franchised business and all spouses of you and the owners must sign a personal guaranty, meaning that those individuals are personally, jointly and severally liable for the obligations of the franchisee under the Franchise Agreement.

### **Development Agreement**

You, and your officers, directors and owners may be required to enter into an agreement not to reveal confidential information and not compete with businesses under the System. See Items 14 and 17 for a description of these obligations. Additionally, you, all owners of the franchised business and all spouses of you and the owners must sign a personal guaranty, meaning that those individuals are personally, jointly and severally liable for the obligations of the franchisee under the Development Agreement.

## **ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must not use the premises of the Shop or Satellite for any purpose or activity that is not provided for in the Franchise Agreement without first obtaining our written consent. Without a Satellite Addendum or Mobile Addendum, the Franchise Agreement does not include any right to sell products (including food items, novelty items, apparel, etc.) identified by the Proprietary Marks at any location other than the Accepted Location. You may not (i) sell products through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce) and pre-packaged retail sales, (ii) prepare any product at any place other than the Accepted Location, (iii) deliver any product from any place other than from the Accepted Location or (iv) sell the Products to any person or entity for resale or further distribution. If you desire to (a) sell Products at a Mobile Event pursuant to a Mobile Addendum or (b) engage in Catering Activities, you must comply with the terms described in Item 12. You must keep the Shop or Satellite open and in normal operation for the minimum and maximum hours and days we specify in the Manuals or otherwise in writing. You must operate the Shop, Satellite and/or Mobile Unit in strict conformity with the System Operating Standards and Manuals. You must not deviate from our specifications and procedures without first obtaining our written consent.

You must offer and sell all Menu Items required by us and perform all services that we periodically require. You may not offer or sell any products or perform any services that we have not authorized. The System Operating Standards may regulate required and/or authorized Products; unauthorized and prohibited food products, beverages and services; maximum, minimum or other prices for Products and services (to the extent allowed by applicable law); purchase, storage, preparation, handling, and packaging procedures and techniques for Products; and inventory requirements for Products and other products and

supplies so that the Shop, Satellite and/or Mobile Unit operates at full capacity. We periodically may change required and/or authorized Menu Items for Shops, Satellites and/or Mobile Units. There are no limits on our right to do so. You may only sell Products at retail and may not engage in the wholesale or distribution of any product.

You must comply with the System Operating Standards if we supplement, improve or modify the System, including offering and selling new or different Products that we specify. We may change the types of authorized Products, and there are no limits on our right to make changes. You must participate in (i) our Gift Card Program and Loyalty Program and (ii) any Delivery Services we require.

For a description of your restrictions on some purchases, see Item 8 of this Disclosure Document. Except as described above, neither the Franchise Agreement nor any other practice restricts the goods or services which you may offer, or the customers you may solicit.

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

### **THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

**FRANCHISE AGREEMENT**

	<b>Provision</b>	<b>Section in Franchise Agreement, Satellite Addendum and/or Mobile Addendum</b>	<b>Summary</b>
a.	Length of the franchise term	<p>§ 2.1 of Franchise Agreement</p> <p>§ 4 of Satellite Addendum; § 3 of Mobile Addendum</p>	<p>Standard and Express Shops: 10 years (if this is your initial agreement). If you are in the process of entering into a renewal franchise agreement for a successor/renewal term, the term will correspond to what your existing agreement says for the renewal term.</p> <p>Satellites/Mobile Units: From the date the Satellite/Mobile Addendum is signed until the end of the term of your Franchise Agreement,</p>
b.	Renewal or extension	<p>§§ 2.2 and 2.3 of Franchise Agreement</p> <p>§ 4 of Satellite Addendum</p> <p>§ 3 of Mobile Addendum</p>	One additional 10-year term if certain conditions are met.
c.	Requirements for you to renew or extend	<p>§§ 2.2 and 2.3 of Franchise Agreement</p> <p>§ 4 of Satellite Addendum; § 3 of Mobile Addendum</p>	<p>Standard and Express Shops: You notify us; you renovate; you are not in default of any agreement with us; you do not owe us any money, our affiliates or principals; you have the right to maintain possession of the Approved Location for the duration of the renewal term; you sign a new franchise agreement, which may contain materially different terms than your initial franchise agreement, such as different fee requirements and territorial rights; you sign a general release; you qualify and complete training; and you pay a renewal fee.</p> <p>Satellites and Mobile Units: You are in compliance with the franchise agreement; you renovate; you are not in default of any agreement with us; you do not owe us any money, our affiliates or principals; you sign a new satellite addendum or new mobile addendum, which may contain materially different terms than your initial addendum; you sign a general release; you qualify and complete training; and you pay a renewal fee</p>
d.	Termination by you	Not Applicable	

	<b>Provision</b>	<b>Section in Franchise Agreement, Satellite Addendum and/or Mobile Addendum</b>	<b>Summary</b>
e.	Termination by us without cause	Not Applicable	
f.	Termination by us with cause	<p>§§ 15.2, 15.3 and 15.4 of Franchise Agreement</p> <p>§§ 7 and 5.1 of Satellite Addendum</p>	We have the right to terminate with cause.
g.	“Cause” defined – curable defaults	<p>§§ 15.3 and 15.4 of Franchise Agreement</p> <p>§ 7 of Satellite Addendum</p> <p>§ 7 of Mobile Addendum</p>	You have 7 days to cure: non-payment of monies; non-cooperation with inspections, non-submission of reports; failure to maintain prescribed specifications, standards or procedures; failure to obtain our required prior approval or consent; failure to maintain insurance; actions inconsistent with or contrary to your lease; product and service quality and sanitation problems; loss of certificates or license; using confusingly similar names or marks; and others. You have 30 days to cure any other failure to follow the terms of the Franchise Agreement.
h.	“Cause” defined – non-curable defaults	<p>§ 15.2 of Franchise Agreement</p> <p>§ 7 of Satellite Addendum</p> <p>§ of Mobile Addendum</p>	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open; failure to complete training; abandonment; loss of premises; conviction of crimes or you commit any criminal acts; health or safety dangers; unapproved transfers; approved transfer not timely effected; failure to comply with covenant provisions; disclose confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure default; repeated defaults even if cured; 4 or more defaults in any 24-month period; default under other agreement or promissory note with us or our affiliates; or you misrepresent yourself in any way in connection with your franchise application.

	<b>Provision</b>	<b>Section in Franchise Agreement, Satellite Addendum and/or Mobile Addendum</b>	<b>Summary</b>
i.	Your obligations on termination/ Non-renewal	§ 16 of Franchise Agreement	Obligations include: cease operations of the franchised business; de-identification; assignment of right to possess premises; payment of amounts due to us and our affiliates; return Manuals and all other confidential information; sale to us of the inventory, furnishings, equipment, signs, fixtures and other items which we desire to purchase; deliver to us all items bearing the Proprietary Marks; compliance with post termination covenants, including covenant not to compete; and others.
j.	Assignment of contract by us	§ 14.1 of Franchise Agreement	No restriction on our right to transfer or assign.
k.	“Transfer” by you – defined	§ 14.2 of Franchise Agreement § 6 of Satellite Addendum § 6 of Mobile Addendum	Includes transfer of contract or assets, or ownership change (you may not transfer the Satellite Addendum and/or Mobile Addendum without transferring the Franchise Agreement; and you must transfer the Satellite Addendum and/or Mobile Addendum if you transfer the Franchise Agreement).
l.	Our approval of transfer by you	§§ 14.2 and 14.3 of Franchise Agreement	You may not transfer without our prior approval, and we have a right of first refusal to acquire any proposed transfer of interest.
m.	Conditions for our approval of transfer	§ 14.3 of Franchise Agreement	Conditions include: timely written notification to us of proposed transfer; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with us or our affiliates; transferor signs general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets our qualifications; transferee signs new franchise agreement; transferor refurbishes the franchised business; you remain liable for all of the obligations to us which arose before the transfer and which extend beyond the term of the Franchise Agreement, and that you sign all instruments which we reasonably requests to evidence such liability; transferee completes training; you pay a transfer fee; we have been offered right to assume controlling interest of transferor; and others.
n.	Our right of first refusal to acquire your business	§ 14.6 of Franchise Agreement	We have a right of first refusal to acquire any proposed transfer of interest.



	<b>Provision</b>	<b>Section in Franchise Agreement, Satellite Addendum and/or Mobile Addendum</b>	<b>Summary</b>
o.	Our option to purchase your business	§§ 14.6, 16.4, 16.5, 16.8 and 16.9 of Franchise Agreement	See Item 17(i), above.
p.	Your death or disability	§ 14.7 of Franchise Agreement	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in you, or in substantially all of the assets of your franchised business, an approved transfer must occur within 3-6 months.
q.	Non-competition covenants during the term of the franchise	§ 17.3 of Franchise Agreement	You may not: compete with your franchised business or any System franchisee; employ or seek to employ any person who is employed by us or any System franchisee or developer; or engage in, act as consultant for, perform, services for or have any interest in any retail business which is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop.
r.	Non-competition covenants after the franchise is terminated or expires	§ 17.4 of Franchise Agreement	For 2 years after termination or expiration and non-renewal, you may not: engage in, act as consultant for, perform, services for or have any interest in any retail business which: (1) is substantially similar to a Rita's shop or sells substantially similar products as those offered by Rita's shop; and which (2) is located within 3 miles of your territory or any franchisee's territory or 3 miles of any Rita's shop.
s.	Modification of the Franchise Agreement	§ 24.1 of Franchise Agreement	All amendments, changes or variances from the Franchise Agreement must be in writing. We may change the Manuals and System Operating Standards.
t.	Integration/merger clause	§§ 24.1 and 24.2 of Franchise Agreement	The Franchise Agreement and all referenced and attached documents constitute the entire, full and complete agreement between the parties. Nothing in the Franchise Agreement is intended to disclaim the representations made in this Disclosure Document. Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Jurisdiction and Venue	§ 26 of Franchise Agreement	Subject to arbitration requirement and state law, disputes between the parties shall be brought in any court of general jurisdiction in Philadelphia County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania.
v.	Dispute resolution by arbitration or mediation	§§ 26.2 and 26.3 of Franchise Agreement	Disputes and claims relating to the Franchise Agreement will be settled by mediation and then arbitration at the American Arbitration Association Dispute Resolution Center in the city closest to our corporate headquarters, currently Philadelphia, Pennsylvania (subject to state law).

	<b>Provision</b>	<b>Section in Franchise Agreement, Satellite Addendum and/or Mobile Addendum</b>	<b>Summary</b>
w.	Choice of law	§ 26.1 of Franchise Agreement	Pennsylvania law applies, subject to state law.

### DEVELOPMENT AGREEMENT

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
a.	Length if the development term	Exhibit A	Last date in Development Schedule
b.	Renewal or extension	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by you	Not Applicable	
e.	Termination by us without cause	Not Applicable	
f.	Termination by us with cause	§ 6	We can terminate if you default.
g.	“Cause” defined - curable defaults	§ 6.3	All other defaults not specified in §§ 6.1 and 6.2 of Development Agreement.
h.	“Cause” defined - non-curable defaults	§§ 6.1 and 6.2	Bankruptcy; failure to meet requirements of Development Schedule; failure to comply with any individual Franchise Agreement for a Shop operated by you or a person or entity affiliated with you.
i.	Your obligations on termination/ nonrenewal	§ 6.4	Cease establishing or operating Shops under the System for which Franchise Agreements have not been signed at the time of termination and compliance with covenants.
j.	Assignment of contract by us	§ 7	There are no limits on our right to assign the Development Agreement.
k.	“Transfer” by you -defined	§ 7	Includes a transfer of an interest in the Development Agreement, developer entity or any material asset of your business.
l.	Our approval of transfer by you	§ 7	We have the right to approve transfers.

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
m.	Conditions for our approval of transfer	§ 7	Any of the conditions for transfer described in the Franchise Agreement attached to the Development Agreement that we deem applicable; and the transfer must be made in conjunction with a simultaneous transfer of all comparable interests of transferor in any Franchise Agreement signed under the Development Agreement.
n.	Our right of first refusal to acquire your business	Not Applicable	
o.	Our option to purchase your business	Not Applicable	
p.	Your death or disability	§ 7.2	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in you, or in substantially all of the assets of your franchised business, an approved transfer must occur within 6 months.
q.	Non-competition covenants during the term of the franchise	§ 8	You may not: compete with your franchised business or any System franchisee; employ or seek to employ any person who is employed by us; or engage in, act as consultant for, perform, services for or have any interest in any retail business which is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop.
r.	Non-competition covenants after the franchise is terminated or expires	§ 8	Includes 2-year prohibition identical to those described in section "q" above, within or within a 5-mile radius of the Development Search Area or any Shop then-operating under the System.
s.	Modification of the agreement	§ 15	Must be in writing executed by both parties.
t.	Integration/merger clause	§§ 15.1, 15.2	Only the terms of the Development Agreement are binding. Any representations or promises outside of the Disclosure Document and the Development Agreement may not be enforceable.
u.	Jurisdiction and Venue	§ 17	Subject to arbitration requirement and state law, disputes between the parties shall be brought in any court of general jurisdiction in Philadelphia County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania.
v.	Dispute resolution by arbitration or mediation	§ 17	Disputes and claims relating to the Franchise Agreement will be settled by mediation and then arbitration at the American Arbitration Association Dispute Resolution Center in the city closest to our corporate headquarters, currently Philadelphia, Pennsylvania (subject to state law).
w.	Choice of law	§ 17	Pennsylvania law applies, subject to state law.

## ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote the 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 Item 19 presents information about the financial performance of certain Shops that operated (i) at a minimum during the period starting March 1, 2019 and ending September 30, 2019 (the “**2019 Season**”) and (ii) at a minimum during the period starting March 1, 2020 and ending September 30, 2020 (the “**2020 Season**”). We have not made permanent, material changes to our concept as a result of the COVID-19 pandemic (the “**Pandemic**”).

Please read the following tables in conjunction with the notes that follow.

Table 1

### Reported Gross Sales for 2019 Calendar Year for 2019 Sample

Tier	Top Tier	Middle Tier	Bottom Tier
Number of Shops in Tier	160	161	160
Highest Gross Sales for Tier	\$ 950,308	\$ 269,112	\$ 200,769
Lowest Gross Sales for Tier	\$ 269,322	\$200,835	\$35,367
Average Gross Sales for Tier	\$ 349,569	\$232,401	\$150,492
Number of Shops in Tier that obtained or exceed Average Gross Sales for such Tier	56 (35.0% of Top Tier and 11.6% of the Sample)	73 (45.3% of Middle Tier and 15.2% of the Sample)	89 (55.6% of Bottom Tier and 18.5% of the Sample)
Median Gross Sales for Tier	\$ 321,286	\$230,039	\$156,338

Notes to Table 1:

1. Except as noted below, Table 1 reflects reported Gross Sales data for Shops Systemwide that were continuously operating during at least the 2019 Season and reported Gross Sales for the 2019 Season. Our Franchise Agreements require all Shops operating under the System to operate for the entire Season. Shops that are Seasonal are only required to operate for the Season, and Shops that are Year Around must operate

the entire year. Shops that are Seasonal are permitted, at their option, (i) to open before the Season starts and (ii) to close after the Season ends. The reported Gross Sales data in Table 1 includes Gross Sales for both Seasonal and Year Around Shops. There were 93 Year Around Shops and 388 Seasonal Shops operating during the 2019 calendar year. Some Shops that are Seasonal (i) are located in resort towns/cities and operated for less than the 2019 Season, and (ii) operated for longer than the 2019 Season (in some cases, the entire 2019 calendar year). The data reflects the Gross Sales for the entire period that each Shop operated in 2019.

2. Gross Sales for purposes of this Item 19 has the same meaning as “Gross Sales” defined in Item 6. Gross Sales for each Shop includes any sales through Mobile Units and/or Satellites operating under such Shop’s Franchise Agreement. Many System franchisees actively pursue Catering Activities and Mobile Events at a location other than the Shop. The reported Gross Sales data in Table 1 includes Catering Activities and Mobile Events for Shops that engage in those opportunities. Franchisees who do not pursue these opportunities may be negatively affected and have less Gross Sales.

3. The figures reflected in Table 1 (i) reflect 481 Shops that reported Gross Sales during the 2019 Season (the “**2019 Sample**”), and (ii) do not include 27 Shops (excluded from the 2019 Sample) that operated for the 2019 Season but closed at some point in 2019 or were terminated at some point in 2019 (because such Shops were generally in winddown mode and/or operating with a reduced staff and a product offering limited to their remaining inventory).

4. Table 1 divides the 2019 Sample into three categories (Top Tier, Middle Tier and Bottom Tier), based on their Gross Sales as compared with the sales for the 481 total Shops considered in arriving at these figures. Each average represents the average Gross Sales for Shops within each Tier. High sales and low sales represent the Shops within each tier that attained the highest and lowest Gross Sales.

Table 2

**Reported Gross Sales for 2020 Calendar Year for 2020 Sample**

Tier	Top Tier	Middle Tier	Bottom Tier
Number of Shops in Tier	141	142	141
Highest Gross Sales for Tier	\$705,764	\$271,282	\$201,607
Lowest Gross Sales for Tier	\$271,332	\$202,939	\$43,192
Average Gross Sales for Tier	\$352,771	\$239,230	\$151,508
Number of Shops in Tier that obtained or exceed Average Gross Sales for such Tier	62 (44.0% of Top Tier and 14.6% of the 2020 Sample)	73 (51.4% of Middle Tier and 17.2% of the 2020 Sample)	85 (60.3% of Bottom Tier and 20% of the 2020 Sample)
Median Gross Sales for Tier	\$342,925	\$240,504	\$161,647

Notes to Table 2:

1. Except as noted below, Table 2 reflects reported Gross Sales data for Shops Systemwide that were

continuously operating during at least the 2020 Season and reported Gross Sales for the 2020 Season. Our Franchise Agreements require all Shops operating under the System to operate for the entire Season. Shops that are Seasonal are only required to operate for the Season, and Shops that are Year Around must operate the entire year. Shops that are Seasonal are permitted, at their option, (i) to open before the Season starts and (ii) to close after the Season ends. The reported Gross Sales data in Table 2 includes Gross Sales for both Seasonal and Year Around Shops. There were 71 Year Around Shops and 353 Seasonal Shops operating during the 2020 calendar year. Some Shops that are Seasonal (i) are located in resort towns/cities and operated for less than the 2020 Season, and (ii) operated for longer than the 2020 Season (in some cases, the entire 2020 calendar year). The data reflects the Gross Sales for the entire period that each Shop operated in 2020.

2. Gross Sales for purposes of this Item 19 has the same meaning as “Gross Sales” defined in Item 6. Gross Sales for each Shop includes any sales through Mobile Units and/or Satellites operating under such Shop’s Franchise Agreement. Many System franchisees actively pursue Catering Activities and Mobile Events at a location other than the Shop. The reported Gross Sales data in Table 2 includes Catering Activities and Mobile Events for Shops that engage in those opportunities. Franchisees who do not pursue these opportunities may be negatively affected and have less Gross Sales.

3. The figures reflected in Table 2 (i) reflect 424 Shops that reported Gross Sales during the 2020 Season (the “**2020 Sample**”), and (ii) do not include 16 Shops (excluded from the Sample) that operated for the 2020 Season but closed at some point in 2020 or were terminated at some point in 2020 (because such Shops were generally in winddown mode and/or operating with a reduced staff and a product offering limited to their remaining inventory).

4. In 2020, COVID-19 spread across the world and significantly impacted businesses and the economy. COVID-19 was characterized as a pandemic by the World Health Organization on March 11, 2020. Like most businesses, Shops and Satellites that operated in 2020 faced many challenges because of the Pandemic. As a result of the Pandemic, various federal, state and local governments issued state of emergencies, shelter-in-place, stay-at-home and/or other restrictions or orders regulating businesses and citizens (“**Restrictions & Orders**”). In many states, Shops and Satellites qualified as essential and “critical” businesses and were allowed to operate despite the Restrictions & Orders. Even though Shops and Satellites were deemed an essential business under the Restrictions & Orders in many states, and Shops and Satellites could remain operational in those states under restricted operating conditions (e.g. limits on capacity and operating hours, required personal protective equipment), (i) the Restrictions & Orders in certain states did not view Shops and Satellites as essential businesses that could operate during periods of the Pandemic, (ii) some franchisees did not feel comfortable operating at all during periods of the Pandemic, (iii) some of the Shops and Satellites that were operating during the Pandemic were (a) seeing reduced consumer demand, (b) facing staffing challenges, (c) operating at reduced hours and days of the week, (d) facing higher operating costs, and (e) operating under the Restrictions & Orders that negatively impacted their sales. In early March 2020, over 100 Shops and Satellites announced closures due to staffing shortages and/or Restrictions & Orders in the areas where they operated. There were 134 Shops in the 2020 Sample that reported between 1 and 6 weeks where they did not maintain full operations due to Restrictions & Orders or other issues related to the Pandemic. Of those 134 Shops, the average Shop reported 1 week where they did not maintain full operations due to Restrictions & Orders or other issues related to the Pandemic and the median weeks those Shops did not maintain full operations due to Restrictions & Orders or other issues related to the Pandemic was 3 weeks. Additionally, because of the Pandemic and Restrictions & Orders, many Shops were limited or prohibited from engaging in Catering Activities and Mobile Events during the 2020 Season. Many walk-in Shops also faced Restrictions & Orders that limited the capacity of guests in the Shops. During the 2020 Season, many of the Shops in the 2020 Samples offered products through third-party delivery services (e.g., Uber Eats, Grubhub, DoorDash), preorder pickup, and curbside service which became a focus because of the Pandemic and Restrictions & Orders.

5. The 2020 Sample excludes 7 Express Shops that are located in special venues or captive venues (the “**Excluded Special and Captive Shops**”) that did not open in 2020 because of Restrictions & Orders. The Excluded Special and Captive Shops remain operational but are temporarily unable to provide services until the Restrictions & Orders are lifted and/or the venues reopen. The 2019 Sample included the Excluded Special and Captive Shops. To help you understand the 2019 history for the Excluded Special and Captive Shops and any potential impact of the Excluded Special and Captive Shops not being included in the 2020 Sample, we have included the 2019 information below related to the Excluded Special and Captive Shops.

<b>2019 Information on Excluded Special and Captive Shops</b>	
Number of Shops in Excluded Special and Captive Shops	7
Highest Gross Sales in 2019 for Excluded Special and Captive Shops	\$574,992
Lowest Gross Sales in 2019 for Excluded Special and Captive Shops	\$3,719
Average Gross Sales in 2019 for Excluded Special and Captive Shops	\$256,039
Number of Excluded Special and Captive Shops that obtained or exceed Average Gross Sales in 2019 for Excluded Special and Captive Shops	3 (43% of Excluded Special and Captive Shops)
Median Gross Sales for Excluded Special and Captive Shops	\$226,889

6. Of the Shops in the 2020 Sample, 7 of the Shops did not operate their Satellites because those Satellites were located in special venues or captive venues that did not open in 2020 because of Restrictions & Orders. Therefore, those 7 Shops did not have revenue from their Satellites in 2020.

7. Table 2 divides the Sample into three categories (Top Tier, Middle Tier and Bottom Tier), based on their Gross Sales as compared with the sales for the 424 total Shops considered in arriving at these figures. Each average represents the average Gross Sales for Shops within each Tier. High sales and low sales represent the Shops within each tier that attained the highest and lowest Gross Sales.

Table 3

**Mix of Menu Items Sold Systemwide in 2019**

<b>Menu Item</b>	<b>Percentage of Systemwide Sales</b>
ITALIAN ICE	29.9%
GELATI	25.3%
CUSTARD	21.7%
MISTO SHAKE	3.9%
BLENDINI	5.4%

MISCELLANEOUS	13.8%
TOTAL	100.00 %

Notes to Table 3:

1. Table 3 reflects the mix of Menu Items sold Systemwide during the 2019 calendar year.
2. The figures in the above table reflect the sales of each Menu Item as a percentage of total Systemwide sales during the 2019 calendar year.

Table 4

**Mix of Menu Items Sold Systemwide in 2020**

<b>Menu Item</b>	<b>Percentage of Systemwide Sales</b>
ITALIAN ICE	29.8%
GELATI	27%
CUSTARD	19.6%
MISTO SHAKE	4.3%
BLENDINI/CONCRETE	6.2%
MILKSHAKES	4.1%
MISCELLANEOUS	9%
TOTAL	100.00 %

Notes to Table 4:

1. Table 4 reflects the mix of Menu Items sold Systemwide during the 2020 calendar year.
2. The figures in the above table reflect the sales of each Menu Item as a percentage of total Systemwide sales during the 2020 calendar year.

NOTES TO ENTIRE ITEM 19:

1. We and our affiliates do not own any Shops and, therefore, the financial performance representation is not based on any company or affiliate-owned Shops.
2. The information reflected in this Item 19 was compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based and the information has not been prepared on a basis consistent with generally accepted accounting principles.
3. The financial performance representations figures do not reflect the cost of goods, operating expenses or other costs or expenses (i.e., rent) that must be deducted from the Gross Sales figures to obtain potential net income or profit. You should conduct an independent investigation of the costs and expenses



you will incur in opening and operating a Shop.

4. Many of the Shops included in this data have been open and operating for years. These franchisees have achieved their level of sales after spending many years building customer goodwill at a particular location. A newly opened business should not be expected to achieve sales volume (or maintain expenses) similar to those of an established business.

5. The sales results for a Shop are affected by a number of factors including but not limited to: whether the Shop has a Satellite and/or engages in Mobile Events and Catering; weather conditions in the market; the physical location of the Shop; local demographics (including daytime and residential population and income levels); site characteristics (i.e. visibility, traffic count, ease of ingress and egress, parking availability); seating; the offering of online ordering and/or curbside service; the presence of a walk-up window and/or drive thru; seasonality (particularly in colder climates); local competition; brand and product awareness in the market; the number of Shops in the market; the use of third-party delivery apps in the market; the presence of a Cooperative in the market; and your individual marketing efforts. Sales may also be affected by other factors such as the length of the seasons, unusual weather events and road construction affecting traffic patterns. Sales may also be affected by the strength of and public reception to the Rita's brand in the market, the length of time the Rita's brand has been in the market, by overall brand marketing within the market (which is determined by the number of Shops in the media market and whether there is a Cooperative in the media market), by flavor availability, by the overall public familiarity with Italian Ice in the market, and by the overall public desire for Italian ice and custard in the market.

6. Your sales will be affected by your own operational ability (which may include your experience with managing a business), your involvement in the local community, your capital and financing (including working capital), continual training of you and your staff, your customer service orientation, your business plan and your use of experts (for example, an accountant) to assist in your business plan. Your sales may be negatively affected if you do not adhere to the System Operating Standards and the System. There are numerous factors that may affect sales at the Shop, and the factors listed above and below are not an all-inclusive list of those factors.

7. Economic conditions in the United States are unusually volatile both in terms of consumer spending as well as the costs of doing business. As a result, historical performance results may not be as useful in your financial planning as they may have been in less volatile times (in terms of anticipated sales and anticipated costs). There is no assurance that future sales will correspond to historical sales, and you are likely to achieve results that are different, possibly significantly and adversely, from the results shown above. As you review the historical financial information appearing in this Franchise Disclosure Document, you must carefully consider the potential impact of the current economic volatility, price spikes in the costs of commodities and your potential sales volume. Past results are no assurance of the same performance results in the future.

8. We do not make any promises or representations of any kind that you will achieve any particular results or level of sales or profitability or even achieve break-even results in any particular year of operation.

9. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

\* \* \*

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing 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 Rita's Franchise Company, LLC, Attn: Gerald Wells at 1210 Northbrook Drive, Suite 310, Trevoose, PA 19053 and (800) 677-7482, the Federal Trade Commission, and the appropriate state regulatory agencies.

### Item 20: Outlets and Franchisee Information

<b>Table 20.1 System Wide Outlet Summary For Years 2018 to 2020<sup>1</sup></b>				
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<i>Franchised</i>	2018	591	565	-26
	2019	565	564	-1
	2020	564	532	-32
<i>Company-Owned</i>	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
<i>Total Outlets</i>	2018	591	565	-26
	2019	565	564	-1
	2020	564	532	-32

<sup>1</sup>For 2020, the numbers are for the period October 1, 2019 to September 30, 2020. For 2019, the numbers are for the period January 1, 2019 to September 30, 2019 because we changed our fiscal year in 2019. For 2018, the numbers are for the period January 1, 2018 to December 31, 2018.

<b>Table 20.2 Transfer of Outlets from Franchisee to New Owners (other than the Franchisor) For Years 2018 to 2020<sup>1</sup></b>		
<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Alabama	2018	0
	2019	1
	2020	0
Arizona	2018	0
	2019	0
	2020	1
California	2018	11
	2019	2
	2020	1
District of Columbia	2018	1
	2019	0
	2020	0
Delaware	2018	0
	2019	1
	2020	1
Florida	2018	1

	2019	1
	2020	1
Georgia	2018	0
	2019	0
	2020	1
Maryland	2018	4
	2019	2
	2020	5
Minnesota	2018	1
	2019	0
	2020	1
New Jersey	2018	3
	2019	5
	2020	5
New York	2018	0
	2019	0
	2020	0
North Carolina	2018	3
	2019	0
	2020	0
Ohio	2018	1
	2019	0
	2020	0
Pennsylvania	2018	10
	2019	11
	2020	12
Texas	2018	0
	2019	1
	2020	1
Virginia	2018	2
	2019	0
	2020	0
Total	2018	37
	2019	24
	2020	29

<sup>1</sup>For 2020, the numbers are for the period October 1, 2019 to September 30, 2020. For 2019, the numbers are for the period January 1, 2019 to September 30, 2019 because we changed our fiscal year in 2019. For 2018, the numbers are for the period January 1, 2018 to December 31, 2018.

**Table 20.3**  
**Status of Franchised Outlets**  
**For Years 2018 to 2020<sup>1</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operation – Other Reasons	Outlets at End of Year
Alabama	2018	4	0	0	0	0	0	4
	2019	4	1	0	0	0	0	5
	2020	5	0	0	0	0	1 <sup>4</sup>	4
Arizona	2018	10	0	0	0	0	3	7
	2019	7	0	0	0	0	0	7
	2020	7	0	2	0	0	1 <sup>4</sup>	4
Arkansas	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
California	2018	50	8	11	0	0	0	47
	2019	47	1	4	0	0	0	44
	2020	44	0	27	0	0	1	16
Colorado	2018	6	1	3	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	2	0	0	0	0	6
Connecticut	2018	14	0	0	0	0	1 <sup>7</sup>	13
	2019	13	0	1	0	0	0	12
	2020	12	0	0	1	0	1	10
Delaware	2018	19	1	0	0	0	0	20
	2019	20	0	0	0	0	0	20
	2020	20	0	0	1	0	1	18
District of Columbia	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	1	0	1 <sup>4</sup>	3
Florida	2018	17	0	1	0	0	0	16
	2019	16	3	1	0	0	0	18
	2020	18	5	0	0	0	1	22
Georgia	2018	4	0	0	0	0	0	4
	2019	4	1	0	0	0	0	5
	2020	5	1	0	0	0	0	6
Hawaii	2018	1	1	0	0	0	0	2
	2019	2	0	1	0	0	0	1
	2020	1	0	1	0	0	0	0
Illinois	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

Indiana	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Iowa	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Louisiana	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Maryland	2018	71	2	0	0	0	0	73
	2019	73	3	0	2	0	0	74
	2020	74	1 <sup>6</sup>	1	1	0	0	73
Massachusetts	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Michigan	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
Minnesota	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	2	0	0	0	2
Nebraska	2018	1	1	0	0	0	0	2
	2019	2	0	1	0	0	0	1
	2020	1	0	0	0	0	0	1
Nevada	2018	1	1	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
New Jersey	2018	109	1	3	1	0	1 <sup>4</sup>	105
	2019	105	2	3	0	0	2 <sup>4</sup>	102
	2020	102	2	0	0	0	0	104
New York	2018	15	1 <sup>7</sup>	2	0	0	0	14
	2019	14	3	1	0	0	0	16
	2020	16	3	0	0	0	1	18
North Carolina	2018	9	0	0	0	0	0	9
	2019	9	0	0	0	0	0	9
	2020	9	0	1	0	0	1	7
Ohio	2018	7	0	0	1	0	0	6
	2019	6	1	0	0	0	0	7
	2020	7	0	0	0	0	1	6
Pennsylvania	2018	199	1	1	0	0	3 <sup>4</sup>	196
	2019	196	7	6	3	0	0	194
	2020	194	4 <sup>5</sup>	1	1	0	2 <sup>4</sup>	194
South Carolina	2018	9	0	3	0	0	0	6
	2019	6	0	1	0	0	0	5
	2020	5	2	0	0	0	0	7
Tennessee	2018	3	0	1	0	0	1 <sup>2</sup>	1

	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Texas	2018	7	0	1	1	0	0	5
	2019	5	1	0	0	0	1 <sup>4</sup>	5
	2020	5	0	0	1	0	0	4
Utah	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Virginia	2018	15	0	2	1	0	0	12
	2019	12	0	0	0	0	0	12
	2020	12	0	0	0	0	0	12
Washington	2018	2	0	1	0	0	0	1
	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
West Virginia	2018	2	0	1	0	0	0	1
	2019	1	0	0	0	0	1 <sup>4</sup>	0
	2020	0	0	0	0	0	0	0
Total	2018	591	17	33	5	0	5	565
	2019	565	28	19	4	0	6	564
	2020	564	21	35	6	0	12	532 <sup>2,3</sup>

<sup>1</sup>For 2020, the numbers are for the period October 1, 2019 to September 30, 2020. For 2019, the numbers are for the period January 1, 2019 to September 30, 2019 because we changed our fiscal year in 2019. For 2018, the numbers are for the period January 1, 2018 to December 31, 2018.

<sup>2</sup>Of these shops, 496 are Standard Shops, 19 are Express Shops, 17 are Satellites.

<sup>3</sup>Eighteen of the shops were located in special venues or captive venues that did not open in 2020 because of Restrictions & Orders resulting from the Pandemic. These shops remain operational and part of the System, but are temporarily not providing services until the Restrictions & Orders are lifted and/or the venues reopen.

<sup>4</sup>These shops were closed for relocation.

<sup>5</sup>Two of these shops were closed for relocation and reopened.

<sup>6</sup>This shop closed for relocation and reopened.

<sup>7</sup>This number reflects a shop that was located in Connecticut at the start of 2018 and moved to New York later in 2018.

Table 20.4 Status of Company Owned Outlets For Years 2018 to 2020 <sup>1</sup>							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Total	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

<sup>1</sup>For 2020, the numbers are for the period October 1, 2019 to September 30, 2020. For 2019, the numbers are for the period January 1, 2019 to September 30, 2019 because we changed our fiscal year in 2019. For 2018, the numbers are for the period January 1, 2018 to December 31, 2018.

**Table 20.5**  
**Projected Openings as of September 30, 2020**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	2	0
Arizona	6	0	0
California	87	0	0
District of Columbia	1	0	0
Florida	22	8	0
Illinois	9	1	0
Indiana	5	1	0
Iowa	1	0	0
Maryland	2	2	0
Massachusetts	3	0	0
Michigan	1	0	0
Missouri	1	1	0
Nevada	4	0	0
New Jersey	4	3	0
New York	4	0	0
North Carolina	1	1	0
Ohio	2	1	0
Pennsylvania	6	4	0
South Carolina	2	1	0
Texas	8	0	0
Utah	1	0	0
Virginia	2	1	0
Washington	3	1	0
Total	176	27	0

Attached as Exhibit G to this Disclosure Document is a list of the names, addresses and telephone numbers of all franchisees, and the names, city and state and last known business telephone number of every franchisee who had an outlet transferred, terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreements and Development Agreements during the previous fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information and shop sales information may be disclosed to other buyers when you leave the System or as required by law. In some instances, current and former franchisees/developers 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.

We created Rita’s Franchisee Advisory Council, Inc. (“**RFAC**”) to act as an advisory board to our management team. The address for the RFAC is 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania, 19053. The telephone number is 215-876-9300.

Except as noted above, there are no trademark-specific franchisee organizations that need to be disclosed in this Disclosure Document.

### **ITEM 21: FINANCIAL STATEMENTS**

Attached as Exhibit H to this Disclosure Document are the audited financial statements of our Parent, RWIFC Holdings, LLC, and its subsidiaries for the fiscal years ending December 31, 2018, September 30, 2019 and September 30, 2020. In 2019, we and Parent changed our fiscal year end to September 30. The financial statements for the fiscal year ended September 30, 2019 are for nine months and not a full year. Therefore, the September 30, 2019 and September 30, 2020 financial statements are not shown in a comparative format. Parent guarantees the performance of our obligations under our franchise agreements and development agreements. A copy of the guaranty of Parent is included in Exhibit H to this Disclosure Document.

### **ITEM 22: CONTRACTS**

Attached to this Disclosure Document are the following agreements that you may be required to sign:

Exhibit A	Rita’s Franchise Agreement
Exhibit B	Rita’s Satellite Shop Addendum
Exhibit C	Rita’s Mobile Unit Addendum
Exhibit D	Rita’s Development Agreement
Exhibit E	Sample General Release

### **ITEM 23: RECEIPTS**

Attached as Exhibit N of this Disclosure Document are duplicate receipts. Please sign both copies. Retain one copy for your records and return the “Franchisor Copy” to Franchise Licensing Department, Rita’s Franchise Company, LLC, 1210 Northbrook Drive, Suite 310, Trevose, PA 19053.



**EXHIBIT A TO  
FRANCHISE DISCLOSURE DOCUMENT**

**RITA'S FRANCHISE AGREEMENT**



**RITA'S FRANCHISE COMPANY, LLC**

**FRANCHISE AGREEMENT**

- Standard Rita's Shop**
- Express Rita's Shop**

**RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT**

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EXHIBIT E – LEASE RIDER

EXHIBIT F – ADA CERTIFICATION

EXHIBIT G – STATE ADDENDA

**RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT**

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**RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT**

THIS RITA’S FRANCHISE COMPANY, LLC FRANCHISE AGREEMENT (the “**Agreement**”), is made and entered into on \_\_\_\_\_ (the “**Effective Date**”) by and between **RITA’S FRANCHISE COMPANY, LLC**, a Delaware limited liability company, with its principal place of business at 1210 Northbrook Drive, Suite 310, Trevoise, Pennsylvania 19053 (“**Company**”) and \_\_\_\_\_, a [resident of] [corporation organized under the laws of] [limited liability company organized under the laws of] \_\_\_\_\_ (“**Franchisee**”).

**BACKGROUND:**

A. Company and its predecessors and affiliates, as the result of the expenditure of time, skill, effort, and money, have developed a distinctive system (the “**System**”) relating to the establishment and operation of retail frozen dessert businesses (“**Rita’s Shops**”), which (i) operate at retail shops that display Company’s interior and exterior trade dress, (ii) are engaged in the sale of Company’s proprietary products including Italian ice, frozen custard, frozen desserts and drinks, toppings, frozen novelties, and other food and beverage items, as well as proprietary gift products and a limited selection of complementary and compatible products, including non-proprietary gift products, approved by Company (collectively, the “**Menu Items**”, and (iii) operate under the Proprietary Marks (as defined below).

B. The Menu Items consist of (i) items made with Company’s proprietary products and Company’s proprietary products that are ready to be resold to customers (collectively, the “**Rita’s Products**”); and (ii) a limited selection of items made with Company-approved complementary and compatible products and Company-approved complementary and compatible products ready to be resold to customers (collectively, the “**Non-Proprietary Products**”).

C. The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color schemes, fixtures and furnishings; standards and specifications for products, equipment, materials and supplies; uniform standards, specifications and procedures for operations; procedures for inventory and management control; training and assistance; proprietary equipment; and marketing and promotional programs, all of which may be changed, improved, and further developed by Company from time to time.

D. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin as are now designated and may hereafter be designated by Company in writing for use in connection with the System including the mark “RITA’S ICE-CUSTARD-HAPPINESS” and other marks (the “**Proprietary Marks**”).

E. Company operates and licenses others to operate various forms of Rita’s Shops offering both full and limited assortments of the Menu Items.

F. Franchisee desires to enter into the business of operating a Rita’s Shop under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Company for that purpose, and to receive the training and other assistance provided by Company in connection therewith.

G. Franchisee understands and acknowledges the importance of the high standards of Company for quality, cleanliness, appearance, service, and the necessity of operating the business franchised hereunder in conformity with the standards and specifications of Company.

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, agree as follows:

## 1. **GRANT**

1.1 Franchisee desires to obtain a franchise to establish the type of Rita's Shop specified in Exhibit A (the "**Designated Shop Type**"). Company grants to Franchisee the right, and Franchisee hereby agrees and undertakes the obligation to operate the franchise for the entire term of this Agreement, upon the terms and conditions set forth in this Agreement: (a) to establish and operate a Rita's Shop of the Designating Shop Type (the "**Shop**") that offers a full assortment of Menu Items required by Company for the Designated Shop Type, (b) to establish and operate the Shop in compliance with all mandatory specification, standards, operating procedures and rules (collectively, "**System Operating Standards**") that Company periodically prescribes for Rita's Shops, and (c) to use the Proprietary Marks and the System solely in connection therewith. Rita's Shops are either (i) year around shops that operate all year ("**Year Around**") or (ii) seasonal shops that operate during a period designated by Company in the Manuals (defined below) ("**Seasonal**"). Exhibit A designates whether the Shop is Year Around or Seasonal. The "**Designated Operating Period**" means the Shop's designation for required operations Year Around or Seasonal. Company may change in its discretion the operating period for Rita's Shops with a Designated Operating Period that is Seasonal. For purposes of this Agreement, "**Products**" means the Menu Items, Rita's Products and Non-Proprietary Products. For purposes of this Agreement, "**Season**" means the minimum Designated Operating Period a Seasonal Rita's Shop must operate each year (as designated by Company). Each Season shall have a required opening date and date that each Seasonal Shop must operate through.

1.2 Franchisee shall operate the Shop only at the accepted and authorized location (the "**Accepted Location**") specified in Exhibit A. If, at the time of signing this Agreement, a location for the Shop has not been accepted and authorized by Company as the Accepted Location, Franchisee shall look for proposed locations for the Shop in the "**Site Selection Area**" specified in Exhibit A and obtain Company's acceptance and authorization for an Accepted Location for the Shop in accordance with Section 5. In connection with obtaining Company's acceptance and authorization for the Accepted Location, Franchisee must provide to Company any information Company requests in considering the proposed location as the Accepted Location. Company will accept and authorize a location that meets Company's standards, requirements, and criteria for an Accepted Location. Section 5 of this Agreement specifies the time frames in which Franchisee must (i) obtain Company's acceptance and authorization for the Accepted Location, (ii) commence construction of the Shop, (iii) complete construction and/or remodeling of the Shop, and (iv) open the Shop. Franchisee shall not relocate the Shop without the prior written approval of Company, which shall be subject to the terms of Section 7.24 below. Any acceptance and authorizations furnished by Company pursuant to this Section 1.2 or assistance in selecting a location shall be at the sole discretion of Company, and are not, and shall not be, a guarantee or assurance by Company that the Shop shall be profitable or successful. Franchisee acknowledges and agrees that acceptance

of Franchisee's proposed location, under this Section 1.2 or pursuant to the Site Acceptance Notice (defined below), does not constitute any assurance, representation, or warranty of Company of any kind that the Shop at the Accepted Location shall be profitable or successful.

1.3 Except as otherwise provided in this Agreement, during the term of this Agreement, Company shall not establish or operate, nor license any other person to establish or operate, a standard or express Rita's Shop at any location within the territory specified in Exhibit A (the "**Territory**"). However, Company and its affiliates retain the rights, among others, on any terms and conditions Company deems advisable, and without granting Franchisee any rights therein to do the following:

1.3.1 To establish and operate, and license other parties to establish and operate, Rita's Shops and other types of locations (including, without limitation, mobile carts, trucks, vans/trailers, stationary carts, and kiosks) under the System and Proprietary Marks in the Territory at any existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, temporary events, and any similar outlets as Company and/or Company's affiliates determine (collectively, "**Institutional Facilities**"), in its or their sole discretion;

1.3.2 To use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Rita's Shops at any location outside of the Territory;

1.3.3 Within and outside the Territory, and notwithstanding any other provision hereof, to acquire, be acquired by, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks;

1.3.4 Within and outside the Territory, (a) to give, donate, or contribute Products to charitable and community organizations and events for fundraising and other events, (b) to use the Products for promotions and product demonstrations, and (c) to offer Products for sampling by consumers and organizations for product testing, promotions, and demonstrations;

1.3.5 Within and outside the Territory, to own, acquire, establish and/or operate and license others to establish and operate, businesses under the Proprietary Marks, but which do not operate under the System and are not operating retail frozen dessert businesses (this provision in no way limits the other rights reserved under Section 1.3.1); and

1.3.6 Within and outside the Territory, to sell and distribute (either themselves or through licensees or designees) products (including the Products) under the



Proprietary Marks in such manner and through other channels of distribution (other than Rita's Shops) as Company, in its sole discretion, determines, including, but not limited to, retail outlets (such as supermarkets, markets, machines, groceries, mom & pops, gourmet shops, convenience stores, food carts, warehouse clubs, drug stores, and book stores), catering services, electronic distributions via computer networks (such as the World Wide Web, other areas of the Internet and/or other on-line networks through delivery services or otherwise), catalogs, direct mail, toll-free numbers, and other communications methods now or hereafter devised of any nature. Company reserves the right, among others, to implement any distribution arrangements relating to these alternate channels of distribution. Franchisee understands that this Agreement does not grant Franchisee the right to (1) distribute the Products through such channels of distribution as described in this Section 1.3.6, and/or (2) share in any of the proceeds received by any party distributing the Products through such channels of distribution described in this Section 1.3.6.

1.4 The grant given herein is limited to the right to operate one Rita's Shop (i) operating only at the Accepted Location and (ii) selling only the Menu Items designated for the Designated Shop Type from the Accepted Location to retail guests for actual consumption on the Premises (defined below) or for personal carry-out consumption. The grant given herein does not include (i) any right to sell products (including food items, novelty items, apparel, etc.) identified by the Proprietary Marks at any location other than the Accepted Location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce) and pre-packaged retail sales, (ii) any right to prepare any product at any place other than the Accepted Location, (iii) any right to deliver any product from any place other than from the Accepted Location, or (iv) any right to sell the Products to any person or entity for resale or further distribution.

1.5 Franchisee may engage in the sale of bulk Menu Items that are picked up by the customer from the Shop or delivered by Franchisee to customers' homes, specialty parties, weddings, office events, and other locations for consumption ("**Catering Activities**"), provided that such Catering Activities are conducted in accordance with the terms and conditions stated (i) in this Agreement, (ii) in Company's Confidential Operating Manuals (the "**Manuals**"), which is more fully described in Section 9 hereof, and (iii) in any required written authorization or writing from Company related to Catering Activities. For purposes of this Agreement, Catering Activities means an event where there is one customer that purchases (payment must be collected at the time of pickup by the customer or, if Franchisee will deliver the Menu Item(s) to the event site, at the time customer places the order) bulk Menu Item(s) for consumption away from the Shop. Franchisee acknowledges that Company may restrict Catering Activities to the Territory now or in the future. The definition of Catering Activities may be further defined and refined in the Manuals. All Catering Activities shall be subject to the terms of this Agreement.

1.6 Unless Franchisee has executed a mobile addendum to this Agreement, Franchisee may not engage in off-premises special events, activities, or sales, including specialty parties, festivals, and business events ("**Mobile Events**"). A Mobile Event is any event where there are multiple customers that pay individually for Menu Items sold at the event site instead of at a standard or express Rita's Shop. The definition of Mobile Events may be further defined and refined in the Manuals. If Company desires the selling of Products at a Captive Mobile Event in the Territory, Company may send Franchisee a "**Request for Notice**" if Franchisee has a license to

do Mobile Events. If Franchisee has a license to do Mobile Events, Company sends Franchisee a Request for Notice and Franchisee desires to sell Product at the Captive Mobile Event described in the Request for Notice, Franchisee must send Company a “**Notice of Intent to Service**” within five business days after receipt by Franchisee of such Request for Notice. If Franchisee does not send Company a Notice of Intent to Service within five business days after the date of receipt by Franchisee of the Request for Notice, Franchisee shall be deemed to have waived Franchisee’s right to sell Products at such Captive Mobile Event. If Franchisee waives the right to sell Products at any Captive Mobile Event or Franchisee does not have a license to conduct Mobile Events, Company may sell Products or grant another System franchisee the right to sell Products at such Captive Mobile Event. For purposes of this Agreement, a “**Captive Mobile Event**” is a festival, fair, special event, outdoor arena, weekend-outdoor markets, or similar event that is located at least .5 miles from the Shop (and any satellite shop Franchisee operates in the Territory). Notwithstanding anything to the contrary, Company may authorize Mobile Events in the Territory by other System franchisees.

1.7 Company may require or permit (by written consent) Franchisee to offer delivery services (“**Delivery Services**” as further defined in the Manuals). Consent to offer Delivery Services may be conditioned on Franchisee having certain equipment, training, and staffing. If Franchisee obtains consent and Franchisee provides Delivery Services, Franchisee must do so in accordance with the terms of the Manuals and this Agreement. Company may require Franchisee to use designated or approved vendors for Delivery Services. Franchisee acknowledges that Company, Company’s affiliates, and other System franchisees may provide Delivery Services near the Accepted Location and in the Territory. Company retains the right to revise and/or make exceptions to Company’s Delivery Services policies as they apply to Franchisee and other System franchisees. If Franchisee is not authorized to offer Delivery Services, Franchisee may not offer Delivery Services.

1.8 Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Company, and Franchisee agrees to comply with all requirements of Company in that regard, including offering and selling new or different Menu Items or services as specified by Company from time to time. Express Rita’s Shops (i) may not engage in Catering Activities and Delivery Services, and (ii) are not eligible to execute a mobile addendum to conduct Mobile Events.

**2. TERM AND RENEWAL**

2.1 This Agreement shall be in effect upon its acceptance and execution by Company and, unless this Agreement is sooner terminated as provided herein, this Agreement shall expire on December 31 of the 10<sup>th</sup> full calendar year following the year in which the Shop opens for business at the premises of the Shop (the “**Premises**”). The records maintained by Company regarding the opening date of the Shop shall control in the event of a controversy or conflict between Company and Franchisee as to the opening date.

2.2 Franchisee may apply to operate a Rita’s Shop for one additional consecutive term of 10 years if the following conditions are met prior to renewal:

2.2.1 Franchisee shall give Company written notice of Franchisee's election to renew at least 9 months, but not more than 12 months, prior to the end of the term of this Agreement;

2.2.2 Franchisee shall not have any past due monetary obligations or other outstanding obligations to Company and its affiliates, the approved suppliers of the System or the lessor of the Premises;

2.2.3 Franchisee shall not be in default of any provision of this Agreement, or successor hereto, or any other agreement between Franchisee (or any of its Owners) and Company or its affiliates, the approved suppliers of the System or the lessor of the Premises; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.4 Franchisee, any owner with a beneficial interest in Franchisee (an "**Owner**"), and any franchisee, licensee, or developer of Company in which Franchisee and/or any Owner has a beneficial interest, shall execute a general release, in a form prescribed by Company, of any and all claims against Company and its affiliates, and their respective officers, directors, agents, and employees;

2.2.5 Franchisee and its Owners (and their spouses) shall execute the then-current form of franchise agreement and guarantee offered by Company, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including requirements to pay a higher royalty fee and/or Advertising Obligation (defined below), and pay a royalty fee calculated in a different manner, except that Franchisee shall not be required to pay any initial franchise fee;

2.2.6 Franchisee shall comply with the then-current qualification and training requirements of Company;

2.2.7 Franchisee shall make or provide for, in a manner satisfactory to Company, such renovation and modernization of the Premises of the Shop as Company may reasonably require, including installation of new Operating Assets (defined below) and/or renovation of Operating Assets to reflect the then-current standards and image of the System;

2.2.8 Franchisee shall present evidence satisfactory to Company that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term; and

2.2.9 Franchisee shall pay Company a renewal fee in an amount equal to 50% of Company's then-current initial franchise fee for the Designated Shop Type at the time of the renewal (or if the Designated Shop Type is no longer offered, the renewal fee will be the then-current initial franchise fee for the most similar type of Rita's Shop as determined by Company).

2.3 Franchisee's failure to deliver the executed renewal franchise agreement and release (including the personal guarantee and release executed by Owners and their spouses) within

30 days after Company delivers them to Franchisee for execution may be deemed, in the sole discretion of Company, an election by Franchisee not to renew.

### **3. DUTIES OF COMPANY**

3.1 Company will make available standardized design plans and specifications for the Shop, including exterior and interior design and layout. Such standard design plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the Americans With Disabilities Act (“**ADA**”) or similar rules governing public accommodations for persons with disabilities, nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation as may be necessary to obtain permits or authorization to build a specific Shop.

3.2 Company shall make available specifications for required fixtures, furniture, furnishings, signs (including menu board systems), graphics, decor, and equipment (including the Computer System (defined below) and Mix/Dispensing Equipment (defined below)) (collectively, “**Operating Assets**”).

3.3 Company shall provide its initial training for System franchisees and managers (“**Initial Training**”), as described in Section 6 of this Agreement, for up to two trainees, at no charge to Franchisee to be conducted at a point determined by Company prior to the opening of the Shop. After such time period, Company may require that Franchisee pay Company then-current training fees for any such training provided by Company. Nothing in this Section 3.3 shall limit or otherwise affect Franchisee’s obligation to satisfy the training requirements set forth in Section 6 below.

3.4 Company will provide such on-site pre-opening oversight and assistance as Company deems advisable.

3.5 Company will make available to Franchisee marketing and promotional materials as provided in Section 12.6 hereof.

3.6 Company will provide Franchisee with electronic access to the Manuals of Company, as more fully described in Section 9 hereof.

3.7 Company will provide to Franchisee, from time to time, as Company deems appropriate, advice and written materials concerning techniques of managing and operating the Rita’s Shop, including required and suggested inventory and cost control methods, new developments and improvements in the Rita’s Shop layout and design, and new developments in Menu Items and marketing techniques.

3.8 Company will conduct, as it deems advisable, inspections of the operation of the Shop by Franchisee.

3.9 Company will make available to Franchisee for purchase, or designate or approve other distributors or suppliers who will make available to Franchisee for purchase, certain Rita’s Products required for Franchisee’s preparation of certain Menu Items, including, without limitation, Company’s proprietary Italian ice mix, custard mix, and ingredients for such other Menu Items as

Company may designate from time to time (collectively, “**Rita’s-Mix Items**”). Company will make available to Franchisee for purchase, or designate or approve other distributors or suppliers who shall make available to Franchisee for purchase, certain Non-Proprietary Products required for Franchisee’s preparation of certain Menu Items that do not include the Rita’s-Mix Items (“**Non-Mix Items**”). For purposes of this Agreement and calculating the Yield Based Royalty (defined below), Company shall make the final determination of the (i) the Menu Items that may be yielded from Rita’s-Mix Items, (ii) the typical mix of Menu Items for the System (i.e. System-wide percentage of sales), (iii) the other portion, yield and return calculations, and (iv) the applicable waste and promotional factor based on the System’s historical practice. If Company or its designated or approved distributors or suppliers are unable to supply Franchisee with the quantity and/or type of Rita’s-Mix Items or Non-Mix Items that Franchisee requests, Company will exert reasonable commercial efforts to allocate, or to cause Company’s designated or approved distributors or suppliers to allocate, such Rita’s-Mix Items or Non-Mix Items available on an equitable basis among the franchisees and other businesses that seek to purchase such Rita’s-Mix Items or Non-Mix Items. Franchisee acknowledges that Company, Company’s affiliates, and Company’s designated or approved distributors and suppliers will not be liable if Company, Company’s affiliates, or Company’s designated or approved distributors or suppliers are unable to fulfill Franchisee’s requests as a result of a force majeure (defined below), or otherwise.

3.10 Company and/or Company’s distributors or suppliers will designate payment terms for Rita’s Products and Non-Proprietary Products (including Rita’s-Mix Items and Non-Mix Items) based on Franchisee’s credit worthiness, and Company and/or Company’s distributors or suppliers reserve the right to require prepayment (in a manner designated by Company) for Products in the event that Franchisee, as determined by Company and/or Company’s distributor or supplier, poses a credit risk or has a late payment history.

3.11 Company shall use reasonable efforts to make available for purchase by Franchisee, either through Company directly, or through its affiliates, approved suppliers or distributors, the Products currently being offered for sale in Rita’s Shops; provided, however, that Company reserves the rights:

3.11.1 To discontinue, in its sole discretion, the availability of Products from time to time;

3.11.2 To designate particular Products for offer and sale at retail in limited geographic regions, demographic markets, or types of facilities and venues, or to otherwise limit the offer and sale at retail of any Product in such manner and for such periods of time as Company may deem appropriate, including to reflect varying customer preferences, to conduct seasonal or regional promotions, and to determine the marketability of a Product or the feasibility and desirability of offering a Product for sale under the System; and

3.11.3 To require the return or disposal of, as Company shall direct in its sole discretion, Products that Company reasonably believes to be adulterated, tainted, contaminated, spoiled, unsafe, hazardous, expired, or otherwise unfit to be used for its intended purpose.

3.12 Company shall make available to Franchisee for purchase, or designate or approve other distributors or suppliers who shall make available to Franchisee for purchase, certain equipment (e.g. batch machines) that is proprietary to Company or contains proprietary modifications for Company (the “**Mix/Dispensing Equipment**”).

3.13 Franchisee acknowledges and agrees that any duty or obligation imposed on Company by this Agreement may be performed by any affiliate, distributor, designee, employee, or agent of Company, as Company may direct from time to time.

#### **4. FEES**

4.1 The initial franchise fee shall be the amount specified in Exhibit A, which is paid in consideration of the franchise granted herein. Franchisee acknowledges and agrees that (i) the initial franchise fee is paid as consideration for Company granting Franchisee the right to develop, open, and operate the Shop using the Proprietary Marks and the System, (ii) the initial franchise fee is fully earned by Company at the time this Agreement is executed, and (iii) the initial franchise fee shall not be refundable for any reason. In the event that Franchisee is not able to go forward with development at any Accepted Location for any reason, Franchisee’s sole remedy shall be to find a new Accepted Location.

4.2 During the term of this Agreement, Franchisee shall pay Company:

4.2.1 A continuing royalty fee which shall be the mathematical product, calculated by Company, determined by multiplying 6.5% times Company’s estimate of the amount of gross sales that may be derived by Franchisee from the retail sale of the Menu Items that may be prepared from the Rita’s-Mix Items (the “**Yield Based Royalty**”). Once Company receives updated pricing for products and Company’s ordering systems are updated with such information (usually in January or February), Company shall determine the amount of Yield Based Royalty attributable to each Product using Franchisee’s reported selling price for each such Product. Franchisee shall immediately report to Company any change in its selling price for any Product so that Company may immediately recalculate the Yield Based Royalty. Franchisee shall pay the Yield Based Royalty upon Franchisee’s purchase of each Rita’s-Mix Item. Company will determine the Products subject to the Yield Based Royalty.

4.2.2 A continuing weekly royalty of 6.5% of the Gross Sales (defined below) of all (i) Menu Items that are Non-Mix Items sold in the preceding week, and (ii) Non-Mix Items charged as an upcharge, additional charge or service on Menu Items made with Rita’s-Mix Items sold in the preceding week (“**Non-Yield Based Royalty**”). Franchisee shall pay the Non-Yield Based Royalty required under this Section 4.2.2 to Company on or before Wednesday of each week for Gross Sales in the prior week. During the term of this Agreement, Company reserves the right to require payment of the Non-Yield Based Royalty less frequently (i.e. biweekly or monthly). Company will determine the Products subject to the Non-Yield Based Royalty.

4.3 Franchisee shall make Advertising Obligation contributions and expenditures for marketing and promotion as specified in Section 12.1.

4.4 As used in this Agreement, “**Gross Sales**” means revenue from the sale of all Menu Items and all other income, whether for cash, credit, services, or barter, of every kind and nature related to the Shop (including Mobile Events and Catering Activities), including proceeds of any business interruption insurance policies, regardless of collection in the case of credit. Gross Sales shall not include (a) any sales taxes or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold.

4.5 Excluding Yield Based Royalty payments and payments to the Branding Fund (defined below) calculated in the same manner as the Yield Based Royalty payments, all weekly payments and contributions required under this Agreement shall be paid on or before Wednesday of each week, calculated on the Gross Sales for the preceding week in the manner specified by Company from time to time. Concurrent with such payments, Franchisee shall submit to Company any reports or statements required under Section 11.3 below. Franchisee understands and agrees that Company reserves the right and may require, in its sole discretion, that all Product purchases, royalties, Advertising Obligation contributions, assessments, fines, other fees, invoices, contributions, or any other amounts required to be paid to Company, Company’s affiliates, or any Cooperative hereunder must be paid by automated bank draft or other reasonable means necessary to ensure payment of such fees are received by Company or the appropriate Cooperative. Franchisee agrees to comply with Company’s payment instructions (including executing any documents required by Company for automated bank draft/debit or other reasonable means). Franchisee shall not change Franchisee's banking information for drafts/debits from Company or withdraw Company's approval for bank drafts/debits from Franchisee's account without designating replacement information and/or replacement approval and Franchisee shall maintain sufficient amounts in Franchisee’s account to cover payment due to Company, Company’s affiliates, and the appropriate Cooperative. Company’s current form of “**Authorization Agreement for Direct Debits**” is attached to this Agreement as Exhibit C, and Franchisee shall complete and execute Company’s then-current form of such document prior to commencing operations under this Agreement.

4.5.1 Any payment, contribution, statement, or report not actually received by Company on or before such date shall be overdue. If any payment or contribution is overdue, Franchisee shall pay Company immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Company may have. If any payment or contribution submitted by check is returned or dishonored, Franchisee shall pay Company immediately upon demand, in addition to the amount due, an amount assessed by Company for such returned or dishonored check.

4.5.2 All payments made by Franchisee under this Agreement shall be applied in such manner as Company may designate from time to time, including to indebtedness of Franchisee to Company or Company’s affiliates for royalties, contributions, product purchases, interest, or any other reason, regardless of how Franchisee may designate a certain payment to be applied. Company reserves the right to collect all or a portion of Franchisee’s past due royalties and contributions (including interest) by adding such amount to the monies due for Franchisee’s purchases of Products from Company and/or its affiliates and approved suppliers or distributors. Company will establish the payment terms for all

purchases from Company based on the credit terms Company extends and Franchisee's payment and credit history; provided, however, Company may, at any time, require cash-in-advance for purchases of Products. All monies collected by Company, affiliates and suppliers for Franchisee's past due contributions shall be remitted to Company on Franchisee's account. Franchisee shall not delay, withhold, or set-off any payments or contributions due hereunder against any monetary or other claim it may have against Company.

## **5. CONSTRUCTION AND OPENING OF SHOP**

Franchisee understands and acknowledges that every detail of the System is important to Franchisee, Company, and other System franchisees in order to develop and maintain high operating standards, to increase the demand for the products and services sold by all System franchisees, and to protect Company's reputation and goodwill. Franchisee must comply with all site/lease approval and construction deadlines in this Section; provided, however, Franchisee must open the Shop no later than 270 days after the Effective Date.

5.1 No later than 120 days after the Effective Date, Franchisee shall (i) obtain Company's acceptance and authorization for the site of the Accepted Location, and (ii) obtain possession of the Accepted Location for the Shop by lease/sublease or purchase, the terms of which Company reserves the right to approve as provided in Section 5.3. Time is of the essence in Franchisee's obtaining an Accepted Location for the Shop.

5.2 Franchisee agrees to locate and submit specific sites for the Shop. Franchisee shall submit to Company a site evaluation package ("**SEP**"), in a form prescribed by Company, identifying each proposed site and describing the site characteristics, the current dimensions of the proposed site, relevant demographics for the site, and cost factors concerning the site. Company shall have the right to require that Franchisee simultaneously submit SEPs for up to three proposed sites. Company shall have 30 days after receipt of a SEP from Franchisee to accept or reject each proposed site for the Shop. To supplement the SEP, Company may review and assess any proposed site solely using online and virtual tools. Franchisee must obtain written acceptance and authorization by Company of a proposed site for the Shop, which will be in the form of a "**Site Acceptance Notice**." If Company does not authorize a proposed site by a written Site Acceptance Notice within such 30-day period, such site shall be deemed disapproved by Company. Franchisee shall execute a lease/sublease that complies with the requirements set forth in Section 5.3, or a binding agreement to purchase each site within 60 days of receipt of the Site Acceptance Notice. Once Company has issued a Site Acceptance Notice and Franchisee has provided Company with the executed lease/sublease for the site or a copy of the deed showing Franchisee's acquisition of the site, Franchisee and Company shall execute the Accepted Location Addendum attached to this Agreement as Exhibit D (the "**Accepted Location Addendum**") (i) documenting the Accepted Location and (ii) specifying the Territory designated by Company. If Franchisee fails to execute the Accepted Location Addendum within 15 days of Franchisee's receipt of the Accepted Location Addendum from Company, Company's authorization in the Site Acceptance Notice may be deemed revoked upon notice from Company to Franchisee. If after the Accepted Location Addendum is signed, Franchisee fails to develop in accordance with the terms of this Section 5, Company may exercise its rights under Section 15 and/or modify or terminate the Territory specified in the Accepted Location Addendum. In the event that Franchisee claims to have terminated this



Agreement and/or abandons the Shop after opening, Franchisee shall no longer have any rights in the Territory or territorial protection for the Accepted Location.

5.3 If Franchisee will occupy the Accepted Location under a lease/sublease, Franchisee shall, prior to the execution thereof, submit such lease/sublease to Company for Company's written approval. Company's approval of a lease/sublease (if any) for the Accepted Location shall be conditioned upon Franchisee and lessor/sublessor (i) executing Company's then-current lease rider (the "**Lease Rider**") or (ii) executing a lease/sublease containing the conditions set forth in Company's then-current Lease Rider which may include, but are not limited to:

- (i) That the initial term of the lease/sublease, or the initial term together with renewal terms, shall be for 10 years, unless otherwise approved in writing by Company;
- (ii) That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Company may prescribe for the Shop;
- (iii) That the use of the premises be restricted solely to the operation of the Shop;
- (iv) That the lessor provides to Company copies of any and all notices of default given to Franchisee under the lease/sublease;
- (v) That upon termination or expiration of this Agreement, Company has the right, at Company's option, to assume (or have another System franchisee operating under the System assume) Franchisee's interest under the lease/sublease without the lessor's consent;
- (vi) That Company has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under this Agreement; and
- (vii) That, at Company's request, the lessor must provide to Company all sales information that has been provided to lessor by Franchisee.

Company's current form of Lease Rider is attached to this Agreement as Exhibit E. Franchisee shall furnish to Company a fully-executed copy of the lease/sublease or purchase agreement for the Accepted Location within 10 days after execution of such agreement. Company may, at its option, require Franchisee to sign a collateral assignment of lease in a form designated by Company if Franchisee's landlord refuses to sign the Lease Rider or makes changes to the Lease Rider that materially alter Company's rights.

5.4 Company shall have the right, but not the obligation, to designate one or more suppliers of design services and/or architecture services (a "**Designated Design Firm**") to supply such services to the System. If Company authorizes a Designated Design Firm, Franchisee shall provide the layout and dimensions for the site of the Shop to a Designated Design Firm in the manner specified in the Manuals or otherwise in writing, which Designated Design Firm will prepare a standardized design (a "**Preliminary Drawing**") of the Shop using (i) the current dimensions for the site, and (ii) knowledge of the design and layout options for Rita's Shops. The Designated Design Firm shall prepare final plans for construction based upon the Preliminary Drawings and specifications. The final plans for construction shall not thereafter be materially

changed or modified without the prior written permission of Company. Franchisee shall be solely responsible for payments for all design and architecture services (including the services of the Designated Design Firm). Franchisee shall renovate or construct and equip the Shop according to the final plans for construction, at Franchisee's own expense.

5.5 Franchisee shall commence construction or renovation of the Shop within 90 days after execution of the approved lease/sublease for the Shop or purchase of the Accepted Location for the Shop or, if Franchisee's right to occupy the Accepted Location begins after the date of execution of the lease/sublease, within 30 days after obtaining possession of the Premises. Before commencing any construction or renovation of the Shop, Franchisee, at its expense, shall comply, to Company's satisfaction, with all of the following requirements:

5.5.1 Franchisee shall employ an approved general contractor, who is reputable and experienced with building units of similar retail concepts, to construct the Shop and to complete all improvements. Company shall have the right, but not the obligation, to designate a single approved contractor or furnish Franchisee with a list of approved contractors for Franchisee to employ in the construction of the Shop. Franchisee acknowledges and agrees that Company is not liable for the unsatisfactory performance of any contractor retained by Franchisee, even if such contractor was designated by Company. Prior to construction, Franchisee shall comply with the insurance requirements described in Section 13;

5.5.2 Franchisee shall submit to Company a list identifying the approved/designated suppliers that are providing the Operating Assets for the Shop;

5.5.3 Franchisee shall be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances, or regulations or that may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location; and

5.5.4 Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Shop and shall certify in writing to Company that all such permits and certifications have been obtained.

5.6 Within 5 days after commencement of construction/renovations, Franchisee shall provide written notice to Company of the date construction/renovation of the Shop commenced and with such notice submit a construction/renovation schedule and proposed opening date, which opening date shall be no more than 60 days from the date of commencement of construction/renovation of the Shop. Unless delayed by the occurrence of events constituting force majeure as defined below, Franchisee shall maintain continuous construction/renovation of the Shop and shall complete construction/renovation, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all Operating Assets, in accordance with the approved site-adapted plans and specifications, at Franchisee's expense. Franchisee further agrees that Company and its agents shall have the right to inspect the construction/renovation at all reasonable times. Franchisee shall obtain all required building, utility, sign, health, sanitation, business, and other permits and licenses for the lawful construction and operation of the Shop. As used in this Agreement, "**force majeure**" means an act of God, war, civil disturbance, act of

terrorism, government action, significant shortage of raw food material (e.g. milk, sugar, eggs, other ingredients), fire, flood, accident, hurricane, earthquake or other calamity, strike or other labor dispute, epidemic, pandemic or outbreak of communicable disease(s), or any other cause beyond the reasonable control of Company (or Company's agents) or Franchisee; provided, however, force majeure shall not include Franchisee's lack of adequate financing. If Franchisee's opening is delayed by a force majeure event, Franchisee must give Company written notice describing the event within 5 days after Franchisee became aware, or should have become aware, of the relevant event or circumstance constituting force majeure and Franchisee's time to open the Shop shall be extended by the shorter of: (a) the delay caused by such event, or (b) 30 days.

5.7 In constructing, renovating, and/or equipping the Shop, Franchisee shall comply with all applicable provisions of the ADA and shall not discriminate against anyone on the basis of disability or any other protected class. Company's review and approval of plans for the Shop will only assess compliance with Company's design standards for Rita's Shops, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Rita's Shops. Such review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA. Prior to opening the Shop and prior to renovating the Shop after the initial opening of the Shop, Franchisee shall execute an ADA Certification in the form attached to this Agreement as Exhibit F that certifies in writing to Company that the Shop and any proposed renovations comply with the ADA. In the event Franchisee receives any complaint, claim, or other notice alleging a failure to comply with the ADA, Franchisee shall provide Company with a copy of such notice within 5 days after receipt of the complaint.

5.8 Prior to opening for business, Franchisee shall comply with all pre-opening requirements set forth in this Agreement, the Manual, and/or elsewhere in writing by Company. Franchisee shall also obtain prior written approval by Company to open the Shop, and Franchisee shall not open the Shop without Company's such prior written approval. Company shall conduct the opening inspection within 14 days of Franchisee's request and either approve or deny the opening of the Shop, provided that during holiday and other atypical periods Company may extend the time to conduct its opening inspection and provide its approval or denial to open as needed to accommodate the circumstances. If Franchisee fails the opening inspection, Franchisee shall reimburse Company for the travel expenses and room and board of representatives of Company for the initial opening inspection and any/all required follow-up inspections.

5.9 Franchisee understands it is Franchisee's responsibility to undertake all actions necessary to acquire, construct/renovate and open the Shop at Franchisee's sole cost and expense, which responsibility includes but is not limited: (a) to identify potential sites for the Accepted Location; (b) to negotiate for the acquisition of such site by lease/sublease or purchase (and comply with the terms of any such lease/sublease); (c) to obtain necessary and appropriate governmental approvals; (d) to supervise and monitor the general contractor and the budget for construction/renovation; (e) to obtain financing as needed for the acquisition and construction of the Shop and the purchase of all Operating Assets for the Accepted Location; and (f) to construct the Shop at the Accepted Location. Franchisee hereby acknowledges and agrees that any (i) presentation of a site to Franchisee by any broker for the System or by Company, and/or (ii) assistance in negotiating the lease/sublease for the Accepted Location does not constitute an assurance, representation or warranty of any kind, express or implied, as to the (1) suitability of the

Accepted Location for the Shop, (2) the suitability of the lease/sublease for Franchisee's business, (3) the suitability of the Accepted Location or lease/sublease for any other purpose, or (4) the Accepted Location's compliance with any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions of the ADA. Company makes no representations or warranties related to the number of Rita's Shops in and around the Territory now or in the future, which number is impacted by multiple factors outside of Company's control. Company's acceptance of the Accepted Location only indicates that Company believes the site complies with the minimum criteria established by Company solely for Company's purpose of evaluating sites at the time of the evaluation. Both Franchisee and Company acknowledge that application of criteria that have been effective with respect to other sites under the System may not be predictive of potential for all sites and leases/sublease and that, subsequent to Company's acceptance of an Accepted Location, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Company's criteria could change, thereby altering the potential of an Accepted Location. Such factors are unpredictable and are beyond Company's control. Company shall not be responsible for the failure of a site or lease/sublease presented or authorized by Company to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Company's acceptance and authorization for the operation of the Shop at the Accepted Location site or lease/sublease is based on Franchisee's own independent investigation of the suitability of the site and/or the lease/sublease. Company shall have no responsibility related to the construction of the Shop or inspection of the construction of the Shop. Franchisee acknowledges and understands that if Franchisee defaults under its lease/sublease, Company may exercise its rights under Section 15 and/or withdrawal, nullify and void the Site Acceptance Notice and Accepted Location Addendum.

5.10 Once the Shop officially opens, Franchisee must keep the Shop continuously open and in normal operation during the Designated Operating Period for such minimum hours and days as Company may specify for the Designated Shop Type, unless Franchisee is forced to temporarily cease operating for a period, by government action or actual incapability, due to events constituting force majeure (and excluding any causes due to Franchisee's action or inaction). Inconvenience due to events constituting a force majeure is insufficient reason to cease operating the Shop. If Franchisee's is forced to temporarily cease operating for a period by government action or actual incapability due to events constituting force majeure, Franchisee must give Company written notice describing the event within 5 days after Franchisee became aware, or should have become aware, of the relevant event or circumstance constituting force majeure and Franchisee's time to resume the Shop's operation shall be extended by the delay caused by such event. In the event that the term of Franchisee's lease for the Shop expires or is terminated prior to the end of the term of this Agreement, Franchisee must, at Franchisee's sole expense, prior to the expiration or termination of such lease, obtain a new Shop location to relocate the Shop in order to prevent the Shop from ceasing to operate or closing in any Designated Operating Period during the term of this Agreement. Before obtaining a new Shop location, Franchisee must notify Company of the lease expiration or termination and obtain written approval from Company for the relocation of the Shop. Upon relocation, Company and Franchisee shall execute an amendment to this Agreement documenting the new Shop location and new Territory designated by Company.

## **6. TRAINING**

6.1 Before opening the Shop, Initial Training shall be attended and completed to Company's satisfaction, by both the (i) Franchisee (or, if Franchisee is an entity, an Owner approved by Company), and (ii) Franchisee's manager. Completing Initial Training to Company's satisfaction includes passing any tests conducted as part of the training. If Franchisee or an Owner will be the on-Premises manager on a full-time basis, the second trainee can be a second manager or another Owner.

6.2 In addition to pre-opening training, Company may require any persons subsequently employed by Franchisee in the position of manager to attend and complete to Company's satisfaction, Initial Training, for which training Company may charge Franchisee a fee. Franchisee, and Franchisee's manager and other employees, shall also attend such additional courses, seminars, and other training programs as Company may require from time to time. Every 5 years, Franchisee shall also attend such additional courses, seminars, and other training programs as Company may reasonably require from time to time irrespective of the number of Rita's Shops Franchisee operates.

6.3 All training programs shall be at such times as may be designated by Company and shall be subject to the availability of Company's personnel. Training programs shall be provided in Pennsylvania and/or such other locations as Company may designate. Franchisee may be required to pay a fee to Company, or to trainers designated by Company, for training courses, seminars and programs provided after the pre-opening training described in Section 6.1. Franchisee or its employees shall be responsible for any and all other expenses incurred by them in connection with Initial Training and any other training, including the costs of transportation, lodging, meals, and wages. Franchisee shall be responsible for worker's compensation insurance for Franchisee's trainees. Franchisee's trainees will not receive compensation from Company for work performed during Initial Training or such other training.

6.4 In addition to the training of the individuals described in Section 6.1 hereof, any approved personnel from the Shop responsible for preparing Menu Items from Rita's Products shall be certified through training prescribed by Company to prepare such Menu Items.

6.5 Company may, in Company's sole discretion, conduct the Initial Training (and/or any other training) remotely.

## **7. DUTIES OF FRANCHISEE**

7.1 Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Company, and other System franchisees in order to develop and maintain high operating, quality, and service standards, to increase the demand for the Products sold by all System franchisees, to protect Rita's Shops operating under the System, and to protect Company's reputation and goodwill. Franchisee shall operate the Shop in strict conformity with such standards and specifications as Company may from time to time prescribe in the Manuals or otherwise in writing, and shall refrain from deviating from such standards, specifications, and procedures without the prior written consent of Company. Franchisee acknowledges and understands that, in addition to the remedies described in Section 15 of the Agreement, Franchisee

may be liable for fees and other costs, as described in the Manuals, if Franchisee fails to comply with the System Operating Standards.

7.2 Franchisee shall use the Premises solely for the operation of the Shop in accordance with this Agreement; shall keep the Shop open and in normal operation during the Designated Operating Period for such minimum hours and days as specified for the Designated Shop Type in the Manuals or as otherwise specified by Company; shall refrain from using or permitting the use of the Premises for any unauthorized or unlawful purpose; and shall refrain from using or permitting the use of the Premises for any purpose or activity at any time without first obtaining the written consent of Company's. Franchisee may engage in Catering Activities in compliance with Section 1.5 herein.

7.3 Franchisee shall purchase and install all Operating Assets and maintain sufficient supplies and materials, as Company may prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating therefrom by using any non-approved item without Company's prior written consent. Franchisee further acknowledges and agrees that:

7.3.1 In the event any refurbishment or replacement (whether pursuant to this Section 7.3, or to Sections 2.2.7, 7.15, or 14.3.8) results in the discontinuance of any Operating Asset which bear the Proprietary Marks or which Company otherwise deems to be proprietary to the System, Franchisee shall deliver to Company, without charge, all such items; and

7.3.2 Franchisee shall not install or permit to be installed any vending machine, game, or coin, card, or electronic operated device, automated teller machine, computer for public use, televisions, video monitors, or other device for customer use, unless specifically approved in writing, in advance, by Company.

7.4 To maintain the high standards of quality and uniformity associated with the System, Franchisee shall offer and sell only Menu Items that Company specifies from time to time, unless otherwise approved in writing by Company; and Franchisee shall offer and sell all Menu Items as Company may specify for the Designated Shop Type from time to time as required offerings at the Shop. Franchisee is prohibited from offering or selling any menu items, products, or services at or from the Shop that have not previously been authorized by Company. If Franchisee wishes to offer or sell any menu items, products or services that have not previously been authorized by Company, Franchisee must first make a written request to Company, requesting authorization to offer or sell such menu items, products, or services, and Franchisee must pay royalty and Advertising Obligation contributions and expenditures in connection with any newly approved menu item at the Shop. Company may deny such approval for any reason. In connection with such request for approval, Franchisee must submit to Company such information and samples as Company desires. Franchisee agrees to pay to Company such amount as is necessary to cover Company's costs of reviewing and evaluating such requests for approval submitted by Franchisee.

7.5 Franchisee acknowledges that (i) the Menu Items and Rita's Products offered and sold under the System are prepared from proprietary recipes developed by and, in some cases, developed exclusively for Company; (ii) the Menu Items and Rita's Products are unique and their formulae and manufacturing processes constitute trade secrets essential to the success of the

System; and (iii) Company has the absolute discretion to make any and all changes to, and to vary, the Menu Items and Rita's Products; the packaging; the package, tub and container sizes, weights, volumes and shapes; the fill levels; the product flavors and varieties; and the formulations and specifications of the Menu Items and Rita's Products, including the texture, quality, "piece count," creaminess, weight, color, density, "chunk weight," and degree of overrun; and Company shall have no liability whatsoever to Franchisee for any impact such changes may have on Franchisee's business; and (iv) Franchisee has entered into this Agreement in order to, among other things, obtain the right to offer and sell the Menu Items. In order to protect the interest of Company in the Menu Items and Rita's Products and to ensure the quality, uniformity, and distinctiveness of the Menu Items and Rita's Products, Franchisee agrees to purchase, solely from Company or suppliers designated by Company, all of the Rita's Products. Franchisee acknowledges that the requirements of this Section 7.5 are in addition to the requirements of Section 7.6 below.

7.6 In no way limiting the terms of Section 7.5, all Menu Items sold or offered for sale at the Shop must meet Company's then-current standards and specifications, as established in the Manuals or otherwise in writing, and in accordance with Section 9.7.20 below. Franchisee further agrees:

7.6.1 Not to sell or otherwise market the Products for subsequent resale unless approved in writing by Company;

7.6.2 To handle and store the Products solely in the manner directed by Company in the Manuals or otherwise in writing; and

7.6.3 Not to sell, offer for sale or sample, and to destroy immediately in accordance with procedures set forth in the Manual, any Product that it knows, or should know through the exercise of reasonable care, to be adulterated, tainted, contaminated, spoiled, unsafe, or otherwise unfit for human consumption.

7.7 Franchisee shall purchase all Operating Assets, supplies, products (including the Products) and services required for the establishment and operation of the Shop from suppliers designated or approved in writing by Company (as used in this Section 7.7 the term "**supplier**" shall include manufacturers, distributors, and other forms of suppliers). Company shall have the right to designate, at any time and for any reason, a single supplier for any Operating Assets, supplies, products (including the Products) and services and to require Franchisee to purchase exclusively from such designated supplier, which exclusive designated supplier may be Company or an affiliate of Company's. Company may auto ship certain supplies and products (including the Products) to Franchisee to facilitate all Rita's Shops having the items and products for the launch of new product offering, new marketing programs or other reasonable purposes determined by Company, and Franchisee must pay for such auto shipped supplies and products. Company and its affiliates may receive payments or other compensation from suppliers on account of such suppliers' dealings with Franchisee and other System franchisees; and Company may use all amounts so received for any purpose Company and its affiliates deem appropriate.

7.7.1 If Franchisee desires to purchase any Operating Assets, supplies, products (including the Products) and services from suppliers other than those previously designated or approved by Company, Franchisee shall first submit to Company a written

request for authorization to purchase such items, together with such information and samples as Company may reasonably require. Company shall have the right to require periodically that its representatives be permitted to inspect such items and/or supplier's facilities, and that samples from the proposed supplier, or of the proposed items, be delivered for evaluation and testing either to Company or to an independent testing facility designated by Company. Permission for such inspections shall be a condition of the initial and continued approval of such manufacturer, distributor, or supplier. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Company shall, within 90 days after its receipt of such request and completion of such evaluation and testing (if required by Company), notify Franchisee in writing of its approval or disapproval. Company may deny such approval for any reason, including its determination to limit the number of approved suppliers.

7.7.2 Company may from time to time revoke its approval of particular items, Products, or suppliers if Company determines that the items, services, Products, or suppliers no longer meet Company's standards or Company determines that the product is no longer appropriate to sell in Rita's Shops. Within 30 days after receipt of notice of such revocation (or, for failure to meet health or safety standards, immediately upon receipt of notice), Franchisee shall cease to sell or use any disapproved item and Products, and cease to purchase from any disapproved supplier.

7.8 To ensure the efficient management and operation of the Shop and the transmission of data to and from Company, Franchisee, at its expense, shall (i) purchase or lease, and thereafter maintain, such computer and communication hardware and point-of-sale system hardware, required dedicated telephone, broadband and/or other communication access services and power lines, modems(s), printer(s), and other computer-related accessories or peripheral equipment as Company specifies in the Manuals or otherwise in writing, and (ii) acquire computer and communication software as Company specifies in the Manuals or otherwise in writing from Company or, if any, approved vendors (collectively, the "**Computer System**"). Franchisee acknowledges that Company shall have no liability to Franchisee in connection with any Computer System problems, including any problems caused by any approved supplier of any Computer System. Additionally, Company has established and may establish other Websites (defined below), including a Website providing private and secure communications between Company, Franchisee, System franchisees, System licensees and other persons and entities as determined by Company, at its sole option and in accordance with such rules and procedures as are determined by Company from time to time ("**CoolNet**" or any successor system designated by Company). Franchisee agrees to the following:

7.8.1 Franchisee's Computer System shall have the capacity to electronically exchange information, messages, and other data with other computers, by such means (including the Internet and the CoolNet), and using such protocols (e.g. TCP/IP), as Company may prescribe in the Manuals or otherwise in writing. Franchisee shall maintain, at all times, access to the CoolNet in the manner specified by Company in the Manuals or otherwise in writing. If required by Company, Franchisee shall from time to time execute such agreements or acknowledge such policies as Company may prepare to set forth the terms of use for the CoolNet, and Franchisee agrees at all times to comply;



7.8.2 Company shall have the right from time to time, and at any time, to retrieve data and information relating to the operations of the Shop from Franchisee's Computer System, by modem or other requested means, and to use it for any reasonable business purpose both during and after the term of this Agreement. Company may, from time to time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Shop, and Franchisee shall provide to Company such reports as Company may reasonably request from the data so collected and maintained, which shall be in the form and format prescribed or approved by Company;

7.8.3 Franchisee shall keep its Computer System in good maintenance and repair and, at its expense, shall promptly install such additions, changes, modifications, substitutions, and/or replacements to the Computer System, telephone and power lines, and other computer-related facilities, as Company directs (including any such directives related to Franchisee's compliance with the applicable industry regulations and/or guidelines related to the processing of credit/debit cards promulgated by the card issuers and/or service companies/organizations (e.g., Cardholder Information Security Program promulgated by Visa®). Franchisee shall have the sole and complete responsibility for: (a) acquiring, operating, maintaining, and upgrading its Computer System; (b) the manner in which Franchisee's Computer System interfaces with Company's computer systems, and the computer systems of third parties; and (c) any and all consequences that may arise if Franchisee's Computer System is not properly operated, maintained, or upgraded;

7.8.4 Company may from time to time develop or authorize others to develop software programs for use in the System, which Franchisee may be required to purchase and/or license, and use, in connection with the Shop and for which Franchisee may be required to execute a license, sublicense, or maintenance agreement with Company or an approved vendor;

7.8.5 Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**"). Franchisee shall comply with Company's standards and policies pertaining to privacy information. If there is a conflict between Company's standards and policies pertaining to privacy information and the Privacy Laws, Franchisee shall: (a) comply with the requirements of the Privacy Laws; (b) immediately give Company written notice of said conflict; and (c) promptly and fully cooperate with Company and its counsel in determining the most effective way, if any, to meet Company's standards and policies pertaining to privacy information;

7.8.6 Franchisee shall comply with the standards and procedures developed by Company for the System, in the manner directed by Company in the Manuals or otherwise, with regard to Franchisee's authorization to use, and use of, blogs, common social networks (such as "Facebook" and "Instagram"), professional networks (such as "Linked-In"), live blogging tools (such as "Twitter"), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools ("**Social Media**") that in any way references the Proprietary Marks and/or the Shop or involves the System or the Shop; and

7.8.7 Franchisee shall abide by: (a) the Payment Card Industry Data Security Standards ("**PCIDSS**") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("**FACTA**"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("**Electronic Payment Requirements**"). If Franchisee or Company is required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, Company may require Franchisee to provide, or make available, to Company copies of an audit, scanning results, or related documentation relating to such compliance. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Company notice of such security breach and promptly identify and remediate the source of any compromise or security breach. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Shop.

7.9 At the time the Shop opens, Franchisee shall stock and display the initial inventory of Products and supplies prescribed by Company in the Manuals or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved Products in quantities sufficient to meet reasonably anticipated customer demand.

7.10 Franchisee shall permit Company and its agents, and Company and its agents shall have the right, to enter upon the Premises, with or without notice to Franchisee at any time during normal business hours for the purpose of conducting inspections of the Premises, books, records and/or accounts of Franchisee; shall cooperate with representatives of Company in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Company or its agents, and without limiting other rights of Company's under this Agreement, shall take such steps as may be necessary to immediately correct any deficiencies detected during any such inspection. During the course of any such inspection, Company may photograph or videotape any part of the Shop, whether or not Franchisee is present. If Company determines, based on unsatisfactory findings of an inspection, that a re-inspection is required, Franchisee shall reimburse Company for the travel expenses and room and board of Company's representatives for subsequent inspections to ensure all deficiencies have been corrected. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Company, Company shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Company and to charge Franchisee the actual expenses of Company's in so acting, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Company may have.

7.11 Subject to any local laws or landlord restrictions, Franchisee shall ensure that all marketing and promotional materials, signs, decorations, paper goods (including disposable food containers, napkins, menus boards and all forms and stationery used in the Shop), Products, and other items specified by Company bear the Proprietary Marks in the form, color, location, and manner prescribed by Company. Franchisee shall place and illuminate all signs in accordance with Company's specifications.

7.12 Franchisee shall participate in promotional programs developed by Company for the System, in the manner directed by Company in the Manuals or otherwise in writing. Additionally, Franchisee shall sell or otherwise issue gift cards or certificates issued by Company or Company's designee (together, "**Gift Cards**"). Franchisee shall participate in any customer loyalty program (whether as part of, or separate from, Gift Cards) designated by Company for the System ("**Loyalty Program**") which may include loyalty cards issued by Company or Company's designee ("**Loyalty Cards**"). The Gift Cards and Loyalty Cards shall only be prepared utilizing the standard form of Gift Card and Loyalty Card provided or designated by Company, and only in the manner specified by Company in the Manuals or otherwise in writing. Franchisee shall fully honor all Gift Cards and the Loyalty Program that are approved by Company for the System regardless of whether the card or a loyalty reward(s)/credit(s) was issued/earned at the Shop or another Rita's Shop. Franchisee shall sell, issue, and redeem Gift Cards and Loyalty Cards in accordance with procedures and policies specified by Company in the Manuals or otherwise in writing. Franchisee shall not prepare or issue any gift cards, certificates or loyalty cards that are not part of Company's programs for Gift Cards and the Loyalty Program. Company does not (nor does Company have any right or obligation to) control or monitor the activities of any vendors of Delivery Services. Such vendors of Delivery Services may (i) purchase Products from any individual Rita's Shop(s) of their choosing, and (ii) deliver such Products to any customer(s) of their choosing (which customer(s) may be located anywhere inside or outside the Territory). Customers have the right to elect the Rita's Shop(s) from which they purchase Products using Delivery Services and the location(s) at which they consume the Products.

7.13 Franchisee shall maintain the Premises (including adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such repairs and replacements thereto (but no others without prior written consent of Company's) as may be required for that purpose, including such periodic repainting or replacement of obsolete Operating Assets as Company may reasonably direct. Any replacement, reconstruction, addition, or modification to the Shop must be approved by Company and comply with the specifications of Company.

7.14 As required by Company, Franchisee shall actively participate in any advisory council designated by Company ("**Advisory Council**") and participate in all Advisory Council programs approved by Company. Company, in its sole discretion, will determine the boundaries of the Advisory Council and designate the governing documents for any Advisory Council. The purposes of the Advisory Council may include, but are not limited to, exchanging ideas and problem-solving methods, advising Company on System-wide advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments approved by Company to be levied by the Advisory Council, and Company has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Council participation and costs, as determined by the Advisory Council, and as approved by Company.

7.15 At the request of Company, but not more often than once every 5 years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the Premises, at its expense, to conform to the shop design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Rita's Shops. Such refurbishment may include structural changes, installation of new Operating Assets, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing, this Section 7.15 shall not

apply to renovations, refurbishment, and modernization required pursuant to (i) Section 2.2.7 relating to the renewal of franchise rights; (ii) Section 14.3.8 relating to transfers under this Agreement, and (iii) expenses related to repairs and replacement of Operating Assets and other items to operate the Shop in compliance with this Agreement and the Manuals.

7.16 Without limiting the requirements of Section 18.1, the day-to-day operations of the Shop shall be under the direct supervision of Franchisee or a manager of Franchisee who has satisfactorily completed Initial Training; provided, however, that Franchisee shall not enter into any management arrangements or agreements where this Agreement and any of the associated rights hereunder are leased, transferred, or otherwise given to any manager or other individual or entity. Franchisee shall maintain a competent, conscientious, trained staff, including a fully-trained manager (who may be Franchisee). Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Company may establish from time to time in the Manuals. Franchisee and its employees shall handle all customer complaints, refunds, returns, and other adjustments in a manner that will not detract from the System's and Company's name and goodwill. Franchisee will use the system designed by Company for training employees. Franchisee shall be solely responsible for all employment decisions and functions of the Shop, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, and discipline of employees.

7.17 Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Company) without the prior written consent of Company's. Without limiting any other provision in this Agreement, Company has the perpetual and exclusive right to own and use and to authorize other Rita's Shops to use, and Franchisee will fully and promptly disclose to Company, all ideas, plans, innovations, improvements, concepts, formulas, recipes, methods and techniques relating to the development or operation of a Shop or any similar business conceived or developed by Franchisee or Franchisee's employees during the term of this Agreement (collectively, "**Innovations**"). Company shall have all right, title, and interest in any Innovations, without compensation to Franchisee and Franchisee shall have no right, title, or interest whatsoever in any and all Innovations. Company shall not be obligated to approve or accept any request to implement any Innovations. Company may from time to time revoke its approval of a particular change or amendment to the System. Upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Company.

7.18 Franchisee shall comply with all terms of its lease/sublease, its financing agreements (if any), and all other agreements affecting the construction, development, and/or operation of the Shop; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of, or to renew, the lease/sublease for the Premises.

7.19 Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, landlord, lenders, employees, and other creditors promptly as the debts and obligations to such persons become due, and failure to do so shall constitute a breach of this Agreement.

7.20 Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Shop under the Manuals and applicable health ordinances. Franchisee shall also comply with the requirements set forth in the Manuals for submitting to Company a copy of a violation or citation relating to Franchisee's failure to maintain any health or safety standards in the operation of the Shop.

7.21 If Franchisee learns that any unauthorized retail outlet in the Territory, excluding those rights reserved by Company in Section 1 of this Agreement and other permitted Catering Activities or Mobile Events by System franchisees, is selling Menu Items, Franchisee must notify Company in writing.

7.22 Franchisee shall use its best efforts to integrate into its business a reasonable number (given the size of Franchisee's operation) of socially responsible activities which are the same as or not inconsistent with those activities and programs which Company conducts to implement its social mission described in memoranda, and other documents directed to System franchisees. Franchisee agrees to discontinue involvement or affiliation with any activities or programs that Company determines to be inconsistent with its social mission or otherwise harmful to the Shop, other Rita's Shops, Company or its affiliates, the Proprietary Marks, the System, and/or Company's and the System's goodwill.

7.23 Franchisee shall notify Company in writing within 5 days of the commencement of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the construction, development, and/or operation of the Shop, (ii) may adversely affect the operation or financial condition of the Shop (including any arrest or court action that could result in a default under Section 15.2.3), or (iii) may adversely affect Franchisee's financial condition.

7.24 Franchisee shall not relocate the Shop from the Accepted Location without Company's prior written approval. Company is not obligated to approve any request for relocation. If Franchisee desires to relocate the Shop, Franchisee shall submit such materials and information as Company may request for the evaluation of the requested plan for relocation. Company has the right to require any or all of the following as conditions of its approval for relocation: (i) Franchisee not be in default under any provision of this Agreement, or any other agreement between Franchisee and Company; (ii) the proposed substitute location meets Company's then-current standards for Rita's Shops; (iii) Franchisee must possess the financial resources to meet the costs associated with relocating; (iv) Franchisee enter into Company's then-current form of Franchise Agreement (which shall replace this Agreement and include a new territory designated by Company) for the remainder of the term of the franchise granted hereunder, provided that Franchisee shall not be required to pay an initial fee; (v) Franchisee and its Owners shall execute a general release, in a form designated by Company, of all claims against Company and its affiliates, and their respective officers, directors, agents and employees; (vi) Franchisee pay a relocation fee of \$2,500; and (vii) Franchisee and Owners execute Company's then-current relocation amendment/agreement.

7.25 Franchisee (or a designated full-time employee of Franchisee) shall, at Franchisee's sole expense, attend the first annual business meeting/conference ("**Annual Meeting**") organized by Company after execution of this Franchise Agreement and shall participate in any training

programs and workshops offered at the Annual Meeting. Company has the right to require that Franchisee pay a registration fee to Company for each attendee at each Annual Meeting. Failure to attend the first Annual Meeting after execution of this Agreement, and failure to attend two consecutive Annual Meetings thereafter shall constitute a default of this Agreement for which Company may immediately terminate this Agreement pursuant to Section 15.2.13. Franchisee will be responsible for all expenses incurred in connection with attending the Annual Meeting, including, without limitation, the costs of accommodations, meals, wages, and travel.

7.26 Whenever Franchisee independently, or by notice from Company, customer or by any local or federal governmental agency becomes aware that any Product, or any ingredient or component thereof, is or may become harmful to persons or property, or that the Product is defective in any manner, which is or may become harmful to persons or property, or that the same is mislabeled, it shall immediately give notice of such problem or defect to Company and shall provide all information in its possession with respect to such problem or defect. If Company deems it necessary to recall any quantity of the Product from the Shop, or from any customer, for any reason bearing on the quality and/or safety of the Product, Franchisee agrees to take such steps (i) as may be required by applicable law to protect the interests of the public, (ii) as Company may specify and (iii) to comply diligently with all product recall procedures established by the competent governmental agency responsible for such recalls. If Franchisee fails or refuses to comply with a recall of the Products upon request by Company, Company shall be authorized to take such action as it deems necessary to recall the relevant Products from the Shop and from customers, and Franchisee shall reimburse Company for its costs and expenses incurred in such recall procedure. Any such action taken by Company shall not relieve Franchisee of its obligations or liability hereunder.

7.27 Franchisee acknowledges and agrees that Company has the right to change or modify from time to time the System as Company deems appropriate, including to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Rita's Shops. Company's changes to the System may include the adoption and use of (i) new or modified products, services, and Operating Assets, (ii) new System Operating Standards, and (iii) new (as described in Section 8 below) trademarks, service marks and copyrighted materials. Franchisee shall, upon reasonable notice and at Franchisee's sole expense, accept, implement, use and display in the operation of the Shop any such changes in the System, as if they were part of this Agreement at the time it was executed. In accordance with the Manuals, Franchisee shall act, and shall ensure other related parties acting on behalf of Franchisee (including, but not limited to, employees, managers, spouses, partners and guarantors) act, professionally and respectfully in all interactions (including personal and written communication) with Rita's employees and vendors and observe business decorum in all such interaction. Additionally, Company reserves the right, at its sole option, to vary the standards throughout the System, as well as the services and assistance that Company may provide to some System franchisees upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Company deems to be important to the operation of any Rita's Shops or the System. Franchisee shall have no recourse against Company on account of any variation to any System franchisee and shall not be entitled to require Company to provide Franchisee with a like or similar variation hereunder.

7.28 Franchisee agrees to install and maintain one or more security cameras as required and/or specified by Company in the Manuals or otherwise in writing, subject to any limitations imposed by any applicable law.

## **8. PROPRIETARY MARKS**

Company represents with respect to the Proprietary Marks that:

8.1 Company is the registered owner of the Proprietary Marks in the United States. Company holds the right to use, and to license others to use, the Proprietary Marks in the manner contemplated by this Agreement.

8.1.1 As determined by Company, Company will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Proprietary Marks.

8.2 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Company's rights.

8.3 With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees to:

8.3.1 Use only the Proprietary Marks designated by Company, and to use them only in the manner authorized and permitted by Company;

8.3.2 Use the Proprietary Marks only for the operation and marketing of the Shop, and in connection with Catering Activities that have been approved by Company;

8.3.3 Operate and advertise the Shop only under the name "Rita's Ice-Custard-Happiness," and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Company. Franchisee shall not use the Proprietary Marks (including Company's service marks), the words "Rita's" or "Rita," or any name that is now, or in the future, used for the Menu Items and Rita's Products, or any marks confusingly similar to any of them as part of its corporate, partnership, or other legal name, or to identify Franchisee or the Shop in other legal or financial capacities (including in connection with bank checks, bank accounts, and other financial accounts), or as part of any e-mail address, domain name, or other identification of Franchisee or the Shop in any electronic medium, unless agreed to in advance, in writing, by Company and Company has the right to designate and/or change any name used for the Shop. Franchisee may, as necessary to conduct the business of the Shop and to obtain governmental licenses and permits for the Shop, indicate that Franchisee shall be operating the Shop under the trademark "RITA'S," provided that Franchisee shall also clearly identify itself as the owner and operator of the Shop;

8.3.4 Identify itself as the owner of the Shop (in the manner required by Company) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations on the Premises as Company may designate in writing;

8.3.5 Not to use (i) the Proprietary Marks to incur any obligation or indebtedness on behalf of Company, or (ii) the Proprietary Marks (or any part or variation of the Proprietary Marks) as part of its corporate or other legal name;

8.3.6 Execute any documents deemed necessary by Company to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and

8.3.7 Promptly notify Company of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Company's ownership of, right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Company has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Company has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Company shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Company, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Company, except that Franchisee shall bear the salary costs of its employees. If Company determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, including attorneys' fees, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Company, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Company agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts.

8.4 Franchisee expressly understands and acknowledges that:

8.4.1 Company is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and that Company has the right to use, and license others to use, the Proprietary Marks;

8.4.2 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Company's ownership of, or right to use and to license others to use, the Proprietary Marks;

8.4.3 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

8.4.4 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Company, and unless approved by Company, Franchisee shall not use Proprietary Marks in connection with advertising their business for sale (including posting any for sale sign at the Shop). Upon



expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

8.4.5 Subject to the provisions of Section 1.2 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Company thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling the Menu Items; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

8.4.6 Company reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it. If Company decides to change, add, or discontinue use of any Proprietary Mark, or to introduce additional or substitute Proprietary Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such changes, alteration, discontinuation, addition, or substitution. Company shall have no liability for any loss of revenue or goodwill due to any new Proprietary Mark or discontinued Proprietary Mark.

## **9. OPERATING MANUALS AND SYSTEM OPERATING STANDARDS**

9.1 In order to protect the reputation and goodwill of Company and to maintain high standards of operation under the System, Franchisee shall operate the Shop in accordance with the standards, methods, policies, and procedures specified in the Manuals. Company shall provide Franchisee with access to the Manuals, via electronic access (through the CoolNet or other means), for the term of this Agreement upon completion by Franchisee and Franchisee's manager of Initial Training. The Manuals may be set forth in several volumes, including such amendments thereto, as Company may electronically publish from time to time. Additionally, Franchisee acknowledges and agrees that Company may provide a portion or all (including updates and amendments) of the Manuals, and other instructional information and materials in, or via, electronic media, including through the use of computer disks, the Internet or the CoolNet.

9.2 Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Shop, and the information contained therein, as confidential, and shall maintain such information (in electronic format) as proprietary and confidential. Franchisee shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 The Manuals shall remain the sole property of Company and shall be accessible only from a secure place on the Premises, and shall only be accessible electronically.

9.4 Company has the sole and absolute right to modify, add to, and delete from, the Manuals at any time, and Franchisee expressly agrees to comply with each new or changed provision of the Manuals. Any modification of, addition to, and/or deletion from the Manuals that Company delivers to Franchisee, either electronically or otherwise in writing, will bind Franchisee

upon Franchisee's receipt of such notice. Franchisee shall be solely responsible to ensure that the Shop is operated in compliance with the most current and up-to-date version of the Manuals. Franchisee expressly agrees to comply with and implement each new or changed standard, method, policy, and procedure promptly and at Franchisee's sole expense.

9.5 Franchisee shall ensure the version of the Manuals referred to in the Shop is the most current version. In the event of any dispute as to the contents of the Manual, the terms of the master version, maintained by the home office of Company, shall be controlling.

9.6 Franchisee acknowledges and agrees that operating and maintaining the Shop in compliance with System Operating Standards are essential to preserve the goodwill of the Proprietary Marks and all Rita's Shops. Therefore, Franchisee agrees at all times to operate and maintain the Shop in compliance with all mandatory System Operating Standards, as Company periodically issues, modifies, and supplements them, even if Franchisee believes that a System Standard, as originally issued or subsequently modified, is not in the System's or the Shop's best interests. At Company's option, Company shall have the right to impose fines in connection with violations of the System Operating Standards. Although Company retains the right to establish and periodically modify System Operating Standards that Franchisee have agreed to follow, Franchisee retains the right to control, and responsibility for, the Shop's day-to-day management and operation and implementing and maintaining System Operating Standards at the Shop.

9.7 System Operating Standards may regulate any one or more of the following:

9.7.1 Design, layout, decor, appearance, and lighting of the Shop; periodic maintenance, cleaning, and sanitation; periodic remodeling and painting; replacing obsolete or worn-out leasehold improvements and Operating Assets; and using interior and exterior signs, emblems, lettering, and logos. (If at any time the appearance or condition of the Premises, the Shop, or Operating Assets does not meet the System Operating Standards, Company will notify Franchisee and identify the action that Franchisee must take to correct the deficiency. If Franchisee fails to correct the deficiency within 30 days after delivery of Company's notice, Company may enter the Premises and Shop and take the required action on Franchisee's behalf, in which case Franchisee must reimburse all of Company's costs associated with such action.);

9.7.2 Types, models, and brands of required Operating Assets, Products, and other food and beverage products and supplies and minimum standards and specifications that Franchisee must satisfy;

9.7.3 Required and/or authorized Products; unauthorized and prohibited food and beverage products and services; and purchase, storage, preparation, handling, and packaging procedures and techniques, as well as required inventory requirements, for Products. Company always has the right to approve or disapprove in advance all items to be sold by the Shop. Company may withdraw its approval of previously authorized Products;

9.7.4 Designated and approved suppliers of Operating Assets, Products, and other items and services. In the case of Products, suppliers may be limited to Company, its affiliates, and/or other specified exclusive sources as Company designates, and Franchisee

must acquire such Products during this Agreement's term only from Company, Company's affiliates, and/or the other specified exclusive sources at the prices that Company or Company's affiliates decide to charge. (Company reserves the right to restrict Franchisee's sources of Products, services, and suppliers in order to protect Company's trade secrets, assure quality, assure a reliable supply of products that meet Company's standards, achieve better terms of purchase and delivery service, control usage of the Proprietary Marks by third parties, and monitor the manufacturing, packaging, processing, and sale of such items);

9.7.5 In the case of Operating Assets, items other than Products, and services, suppliers may at Company's option be limited to Company, Company's affiliates, and/or other specified exclusive sources, in which case Franchisee must (at Company's direction) acquire such Operating Assets, other items, and services (including Gift Cards and Loyalty Program processing services, "mystery" and "secret" shopper services, and consumer satisfaction survey processes) during this Agreement's term only from Company, Company's affiliates, and/or the other specified exclusive sources at the prices that Company or Company's affiliate decide to charge. Company has the absolute right to limit the suppliers with whom Franchisee may deal;

9.7.6 Supply and supplier approval procedures and criteria for items and services that Franchisee needs in order to operate the Shop and that Franchisee may obtain from sources other than Company, Company's affiliates, and/or other specified exclusive sources. If Franchisee proposes to offer for sale or use at the Shop any product brand, ingredient, supply, or service that Company has not then approved as meeting Company's minimum specifications and standards, or to purchase any item or service from a supplier that Company has not then approved or designated, Franchisee first must notify Company and, at Company's request, submit samples and any other information Company requires to determine whether the item, service, or supplier meets Company's System Operating Standards. Company may charge Franchisee or the supplier a reasonable amount for the inspection and evaluation. Company need not approve Franchisee's request and Company does not intend to do so if Company already has designated specific items, services, and/or suppliers or otherwise have imposed restrictions on the supply system. Company will not approve Franchisee or another franchisee to be a supplier of any products or services to Rita's Shops. Company also has the right to re-inspect any supplier's products, services, and facilities and to revoke Company's approval of any item, service, or supplier;

9.7.7 Terms and conditions of the sale and delivery of, and terms and methods of payment for, Products, and other products and services that Franchisee obtains from Company and affiliated and unaffiliated suppliers. This includes Company and Company's affiliates' right to establish an electronic product ordering system (whether through the CoolNet, a website, email, or other means) and to require Franchisee's payment via electronic means before Company prepares for shipment and to send Products and other items Franchisee has ordered. Company and Company's affiliates have the right not to sell Franchisee any Products, or other products and not to provide Franchisee with services, or to do so (if Company has not established or are not then operating an advanced electronic payment system) only on a "cash-in-advance" or other basis, if Franchisee and/or Franchisee's affiliates are in default under any agreement with Company or Company's affiliates (and have been notified of that default). Company may take this action even if

Franchisee is forced to suspend operation of the Shop due to an inadequate inventory of Products, or other products, and Franchisee may not use any unapproved products as replacements;

9.7.8 Company's and Company's affiliates' right (without liability) to consult with Franchisee's suppliers about the status of Franchisee's account with them and to advise Franchisee's suppliers and others with whom Franchisee, Company, Company's affiliates, and other System franchisees deal that Franchisee is in default under any agreement with Company or Company's affiliates (but only if Company has notified Franchisee of such default);

9.7.9 Company's and Company's affiliates' right to receive payments from suppliers on account of their actual or prospective dealings with Franchisee and other System franchisees and to use all amounts Company and Company's affiliates receive without restriction for any purposes Company and Company's affiliates deem appropriate (unless Company and Company's affiliates agree otherwise with the supplier);

9.7.10 Sales, marketing, advertising, social media, and promotional programs and materials and media used in these programs. Franchisee must participate in, and comply with the requirements of, any special promotional programs Company implements;

9.7.11 Use and display of the Proprietary Marks at the Shop and on caps, aprons, shirts, napkins, bags, wrapping paper, labels, forms, paper and plastic products, and other supplies;

9.7.12 Issuing and honoring Gift Cards, Loyalty Programs, Loyalty Cards, and coupons, and administering customer Loyalty Programs. Franchisee must participate in, and comply with the requirements of (including the payment of any fees related to administering the programs) the Gift Cards and the Loyalty Program (including giving Company all customer-specific information that Franchisee receives or generates from operating the Shop, which customer-specific information Company will be deemed to own). Company or Company's designee (which may be a vendor or an affiliate of Company) will hold all monies paid by customers for Gift Cards and Loyalty Cards until the Gift Card and Loyalty Cards are used by customers for purchases (at which time Company or Company's designee will reimburse the honoring Rita's Shops with Company's then standard reimbursement amount in compliance with Company's then current Gift Card and Loyalty Card policies and procedures). Company may keep any monies that are not used by customers;

9.7.13 Staffing levels for the Shop, including a full-time general manager, assistant manager, and kitchen manager; identifying the Shop's personnel; and employee qualifications, training, dress, and appearance (although Franchisee has sole responsibility and authority concerning, among other things, employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);

9.7.14 Days and hours of operation and operation and use of the Website;

9.7.15 Participation in (i) market research and testing, and (ii) product and service development programs;

9.7.16 Complying with Company's customer complaint resolution procedures and Company's commitment to a 100% customer satisfaction policy and reimbursing Company promptly if Company chooses to resolve a customer complaint because Franchisee fails to do so as or when Company requires;

9.7.17 Accepting credit and debit cards, and other non-cash payment systems that Company periodically requires;

9.7.18 Bookkeeping, accounting, data processing, data privacy, and recordkeeping systems and forms; formats, content, and frequency (including daily) of reports to Company of sales, revenue, product mix, financial performance, and condition; and giving Company copies of tax returns and other operating and financial information concerning the Shop;

9.7.19 Types, amounts, terms, and conditions of insurance coverage required for the Shop; Company and Company's affiliates' protection and rights under insurance policies as additional named insureds with respect to Franchisee's actions at the Shop; required and impermissible insurance contract provisions; assignment of policy rights to Company; periodic verification of insurance coverage; Company's right to defend claims; and similar matters relating to insured and uninsured claims;

9.7.20 Company's right to specify the prices at which Franchisee must sell and/or promote the Menu Items and services that are sold at or from the Shop. Company also has the right to designate the minimum and maximum prices at which Franchisee may sell and/or promote the Menu Items and services that are sold at or from the Shop. Company retains the right to modify the specified prices, minimum prices, and maximum prices at any time, in its sole discretion, and the right to require different specified prices, minimum prices, and maximum prices at different Rita's Shops. Franchisee must strictly adhere to the lawful prices specified or designated by Company, and Franchisee must participate in all mandatory promotions, because the purpose of establishing such prices and promotions is to strengthen the System and Rita's brand and enhance interbrand competition. Franchisee shall not be required to adhere to any prices that Company determines are per se unlawful;

9.7.21 Complying with applicable laws, including those relating to terrorist activities; cybersecurity; labor and employment practices (including equal employment opportunity laws); obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers, suppliers, and Company; and notifying Company if any action, suit, or proceeding is commenced against Franchisee or the Shop or if Franchisee receives any report, citation, or notice regarding the Shop's failure to comply with any licensing, health, cleanliness, or safety standard; and

9.7.22 Any other aspects of operating and maintaining the Shop that Company determines to be useful to preserve or enhance the efficient operation, image, or goodwill of the Proprietary Marks and Rita's Shops.

9.8 Franchisee agrees that System Operating Standards prescribed by Company in the Manuals, or otherwise communicated to Franchisee in writing or another tangible form (for example, via CoolNet or another intranet, extranet, or website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Operating Standards as periodically modified. As provided in the Manuals, Franchisee's failure to comply with certain System Operating Standards shall subject Franchisee to certain assessed fees and costs related to violating System Operating Standards and Franchisee shall immediately pay such fees and costs.

9.9 Company may periodically modify System Operating Standards, which may accommodate regional or local variations, and these modifications may obligate Franchisee to invest additional capital in the Shop and/or incur higher operating costs. Franchisee agrees to implement any changes in System Operating Standards within the time period Company requests, whether they involve refurbishing or remodeling the Premises or any other aspect of the Shop, buying new Operating Assets, adding new Menu Items and services, or otherwise modifying the nature of Franchisee's operations, as if they were part of this Agreement as of the Effective Date.

## **10. CONFIDENTIAL INFORMATION**

10.1 Franchisee shall not, during the term of this Agreement or thereafter, nor shall Franchisee permit any employee, agent, or affiliate to communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Company and/or the marketing, management or operations of the Shop that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Shop. For purposes of this Agreement, "**confidential information**" means: (i) any and all information, knowledge, or know-how relating to Company and the System which may be communicated to Franchisee, whether communicated in writing, orally, electronically, by inspection, or by sample, exhibit, training, demonstration, or other means; and (ii) all Manuals, information, and materials received by Franchisee from Company; provided, however, it shall not include information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Company, or which, at or after the time of disclosure by Company to Franchisee, had become or later becomes part of the public domain through publication or communication by others. Confidential information may include information relating to the construction, development, and/or operation of Rita's Shops and the System, including methods, formats, specifications, standards systems, and procedures related to the System; new menu items and products that may be in the development or testing stage; proprietary information and trade secrets regarding the Products and the preparation of the Menu Items (including mixes, recipes, ingredients and food preparation techniques); training materials and programs; advertising and marketing plans and materials for the System; information concerning the marketing, management and operation of Rita's Shops under the System; information concerning Company; electronic communications posted on the CoolNet; all password-protected portions of the Website and CoolNet and the information they contain; electronic mail

distribution lists of System franchisees and Company's employees; and the Manuals. The foregoing list of confidential information is illustrative only and does not necessarily include all matters considered confidential by Company.

10.2 At Company's request, Franchisee shall require its manager and any personnel having access to any confidential information of Company's to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Shop. Such covenants shall be in a form satisfactory to Company, including specific identification of Company as a third-party beneficiary of such covenants with the independent right to enforce them. Company's right to review and pre-approve such covenants is solely to ensure that Franchisee adequately protects the confidential information. Under no circumstances will Company control the forms or terms of employment agreements Franchisee uses with employees or otherwise be responsible for Franchisee's labor relations or employment practices.

## **11. ACCOUNTING, RECORDS AND AUDIT RIGHTS**

11.1 Franchisee agrees to use sound financial management and planning practices in connection with the Shop and the business operated hereunder. Franchisee shall record all sales for the Shop and other operations under this Agreement on the Computer System (or on any other equipment or communication system specified by Company in the Manuals or otherwise in writing). Franchisee shall prepare, and shall preserve for at least 5 years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles recognized in the United States as consistently applied ("**Generally Accepted Accounting Principles**" or "**GAAP**") and in the form and manner prescribed by Company from time to time in the Manuals or otherwise in writing, including daily cash reports, cash receipts journal and general ledger, cash disbursements journal and weekly payroll register, monthly bank statements, daily deposit slips and canceled checks, all business tax returns, suppliers' invoices (paid and unpaid), dated cash register tapes (detailed and summary), semi-annual balance sheets and monthly profit and loss statements, weekly inventories, records of promotion and coupon redemptions, and such other records and information as Company may from time to time request, all of which shall accurately reflect the operations and condition of the Shop. The reporting requirements of this Section 11 shall be in addition to, and not in lieu of, the electronic reporting required under Section 7.8.

11.2 All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manuals, and on the Computer System.

11.3 Franchisee shall, at Franchisee's expense, submit to Company the following reports, financial statements, and other data in the form prescribed by Company:

11.3.1 No later than Wednesday of each week, or at such other time as may correspond to the required payment periods as set forth in Section 4.5, Franchisee shall submit to Company a royalty report, a marketing report, and Gross Sales report for the prior week, and such other information as Company specifies, all in the form prescribed by Company. In the event that Company has not required Franchisee to obtain a Computer

System that reports information daily to Company, Franchisee shall submit daily reports and information required by Company;

11.3.2 No later than the 60<sup>th</sup> day of the end of each calendar year, Franchisee shall submit an annual profit and loss statement reflecting all Gross Sales during the preceding calendar year and such other information as Company may specify for the preceding calendar year. Franchisee shall prepare profit and loss statements on an accrual basis and in accordance with GAAP;

11.3.3 Within 10 days after their completion, all federal tax returns filed by Franchisee;

11.3.4 Upon Company's request, within 10 days after their timely completion, all state and local sales, income, or other tax returns filed by Franchisee; and

11.3.5 Other forms, statements, reports, records, information, and data as Company may designate.

11.4 Company and its agents shall have the right at any reasonable time during the term of this Agreement to enter the Shop or any other place where business related to the Shop is conducted and: (i) conduct an operational audit to determine Franchisee's material compliance, as Company determines, with this Agreement; (ii) examine, analyze and inspect the Shop, the Products, and any products produced and/or sold or distributed at, from, or through the Shop (whether authorized or unauthorized); (iii) take reasonable samples of any of the Products and any products produced and/or sold or distributed at, from, or through the Shop (whether authorized or unauthorized), without charge or liability; and (iv) interview Franchisee's employees and customers. Franchisee will provide Company with full cooperation in the course of any inspection or audit Company conducts under this Section 11.4. Any inspections will be made at Company's expense, unless the inspection is necessitated by Franchisee's repeated or continuing failure to comply with any provision of this Agreement, in which case Company may charge Franchisee the costs of making such inspection, including the wages and costs of travel and lodging expenses for Company's representatives.

11.5 Company and its agents shall have the right at all reasonable times during the term of this Agreement, and for up to 3 years thereafter, to examine and copy, at the expense of Company, the books, records, accounts, and/or business tax returns of Franchisee. Company shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments or contributions have been understated in any statement or report to Company, then Franchisee shall immediately pay to Company the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any statement or report of 3% or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Company for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Company may have.



11.6 All data provided by Franchisee to Company will be owned exclusively by Company, and Company has the right to use such data in any business-related manner without compensation to Franchisee, provided that Company shall use reasonable efforts to avoid public dissemination of any confidential financial information in a manner that would identify Franchisee as the source of such information. Company also has the right to share such data and other information with third parties, including consultants and existing and potential operators. Company may share sales data for System franchisees with System franchisees throughout the System.

## **12. MARKETING AND PROMOTION**

Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, Franchisee and Company agree as follows:

12.1 Company reserves the right to require that Franchisee (i) contribute to the Branding Fund, pursuant to Sections 12.1.1 below, (ii) expend on local advertising and promotion pursuant to Section 12.1.2, and/or (iii) contribute to any Cooperative, as may be established pursuant to Section 12.3.5 below (together, the “**Advertising Obligation**”). As of the Effective Date and until written notice from Company, the allocation shall be as follows:

12.1.1 Franchisee shall pay Company for the Branding Fund the sum of (a) the mathematical product, calculated by Company, determined by multiplying 3% times Company’s estimate of the amount of gross sales to be derived by Franchisee from the retail sale of the Menu Items that will be prepared from the Rita’s-Mix Items (as calculated and collected in the manner the Yield Based Royalty is calculated and collected under Section 4.2.1) and (b) 3% times the Gross Sales of all (i) Menu Items that are Non-Mix Items sold in the preceding week, and (ii) Non-Mix Items charged as an upcharge or service on Menu Items made with Rita’s-Mix Items sold in the preceding week (as calculated and collected in the manner the Non-Yield Based Royalty is calculated and collected under Section 4.2.2).

12.1.2 Franchisee shall spend at least 2% of Gross Sales on local advertising and promotion. Calculation of Gross Sales for purposes of this Section 12.1.2 will be based on Gross Sales of all Menu Items (i.e. without regard to whether the Menu Item is prepared with or without Rita’s Mix Items). Franchisee understands and acknowledges the number of Rita’s Shops in the Territory may impact advertising and marketing and brand recognition in Franchisee’s market and that the Advertising Obligation is the minimum requirement only, and that Franchisee may, and is encouraged to, expend additional funds for marketing and promotion. Company reserves the right to increase the local advertising and promotion expenditure required under this Section to 3% of Gross Sales. Local advertising and promotion under this Section 12.1.2 shall only include items approved by Company in the Manuals as satisfying the required local advertising and promotion expenditure requirement. Each month, Franchisee shall submit to Company, in the manner designated by Company, evidence of Franchisee’s compliance with the required local advertising and promotion expenditure in accordance with this Section. If Franchisee fails to make local advertising and promotion expenditures in accordance with this Section and/or to submit proof of the expenditures, Company shall have the right to assess Franchisee for the amount of unspent expenditures required under this Section which amount shall be

deposited in the Branding Fund for general use by the Branding Fund. Company shall have the right to assess amounts due under this Section by automated bank draft or other reasonable means in accordance with Section 4.3 of this Agreement. Any amounts assessed under this Section are not required to benefit directly or pro rata the Shop. Failure to comply with this Section shall be deemed a material breach of this Agreement.

12.2 Company has established a marketing fund for the System (the “**Branding Fund**” and previously referred to as the advertising fund or fund in earlier forms of franchise agreements for the System). During the existence of the Fund, Franchisee shall contribute to the Branding Fund in the manner and amount specified in accordance with Section 12.1 above. Company will maintain and administer the Branding Fund as follows:

12.2.1 Company has the right to direct all marketing programs, and to determine the concepts, materials, and media used in such programs and the placement and allocation thereof. Company is not obligated, in administering the Branding Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee’s contribution, or to ensure that any particular System franchisee benefits directly or pro rata from expenditures by the Branding Fund. Company shall have complete discretion related to the expenditure of the Branding Fund contributions. Aside from administering the Branding Fund, Company has no additional advertising or marketing obligation to any System franchisee by virtue of (i) the number of Rita’s Shops in a certain market, (ii) the Rita’s brand’s and/or Proprietary Products’ recognition or lack of recognition in a certain market, or (iii) the opening of a Shops in a new market. Contributions to the Branding Fund are not held by Company in trust and Company does not have any fiduciary obligation to Franchisee with respect to contributions to the Branding Fund. Contributions to the Branding Fund are not refundable to Franchisee and, once received by Company, will be used in accordance with this Section 12.2;

12.2.2 Company will use the Branding Fund, all contributions thereto, and any earnings thereon, to meet any and all internal and external costs of maintaining, administering, directing, conducting, and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities including socially responsible activities, which Company believes will enhance the image of the System and/or Rita’s brand, including, among other things, the costs of preparing and conducting media marketing campaigns (such as radio, television, print, video and digital media (e.g. Social Media)); point of purchase materials (including shipping costs); developing, maintaining and updating the Website; Apps and other customer facing technology; direct mail advertising; grand opening advertising; marketing/pricing surveys and research and other public relations activities; employing advertising and/or public relations employees, people and agencies to assist therein; implementing and operating Loyalty Programs and Gift Cards; implementing social networking promotional initiatives through online media channels; providing Social Media management services and tools; sponsorship of organizations and events, including athletic teams, fundraising activities, tournaments and other similar activities; purchasing promotional items; conducting and administering in-shop promotions and “mystery shopper” programs; and providing promotional and other marketing materials and services to the Rita’s Shops operating under the System;

12.2.3 Company will maintain separate bookkeeping accounts for all sums paid by to the Branding Fund by System franchisees and Branding Fund money will not be used to defray any of Company's expenses, except for such costs and overhead, if any, as Company may incur in activities related to the administration, management, direction and implementation of the Branding Fund and marketing programs for operators and the System, including costs of personnel for creating, managing and implementing marketing, advertising, and promotional programs;

12.2.4 Company will have an annual report of Branding Fund receipts and disbursements prepared annually and Company will make such report available to Franchisee for viewing during regular business hours at Company's principal place of business, upon Franchisee's written notice to Company, once during each calendar year; and

12.2.5 Company reserves the right, in its sole discretion, to discontinue the Branding Fund upon written notice to System franchisees.

12.3 With respect to local advertising and promotion for the Shop, Franchisee shall comply with the following:

12.3.1 Franchisee must place and display at the Accepted Location (interior and exterior) only such signs, emblems, lettering, logos, displays, and advertising as Company approves in writing from time to time.

12.3.2 Franchisee shall deposit with Company such amounts as Company may specify in accordance with Section 12.4 below for the New Shop Marketing Program (defined below). For any month in which Franchisee is required to make expenditures on local advertising and promotion, Franchisee shall submit to Company, in accordance with the procedures set forth in Section 4.5 above or as otherwise specified by Company, detailed reports describing the amount of money expended on advertising, marketing and promotion during the previous month (or other time period specified by Company). Additionally, at the request of Company or as Company may specify in the Manuals, Franchisee shall submit copies of its bills, statements, invoices, or other documentation satisfactory to Company to evidence Franchisee's advertising or marketing activities.

12.3.3 As used in this Agreement, the term "**local advertising and promotion**" refers to advertising and promotion related directly to the Shop, and, unless otherwise specified, consists only of the direct costs of purchasing advertising materials (including camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), and such other activities and expenses as Company may specify. Company may provide to Franchisee, in the Manuals or otherwise in writing information specifying the types of advertising and promotional activities and costs which shall not qualify as "local advertising and promotion," including the value of advertising coupons, and the costs of Menu Items provided for free or at a reduced charge for charities or other donations.

12.3.4 Franchisee is required to participate in all marketing campaigns as designated by Company. Franchisee shall also participate in all market research, testing and product and service development programs.

12.3.5 Company shall have the right to designate any geographical area for purposes of establishing a market advertising fund (“**Cooperative**”). If a Cooperative is established for the geographic area in which the Shop is located, Franchisee shall become a member of such Cooperative on the date on which the Cooperative commences operation and commence making required contributions to the Cooperative; provided, however, Company will designate when a new Shop starts to contribute to a Cooperative. Franchisee will have no voting rights in any Cooperative until Franchisee opens the Shop and commences contributing to such Cooperative. Upon becoming a member of a Cooperative, Franchisee (or if Franchisee is an entity, an owner/member of Franchisee) shall attend, at a minimum, the first semi-annual Cooperative meeting held each calendar year (in either January of the applicable calendar year or in November or December of the preceding calendar year) (the “**Cooperative Planning Meeting**”). Franchisee shall not be required to be a member of more than one Cooperative, except to the extent that Franchisee owns multiple Rita’s Shops located in different geographic markets. Each Cooperative shall be organized and governed in a form and manner prescribed or approved by Company in writing. Any disputes arising among or between Franchisee, other System franchisees in the Cooperative, and/or the Cooperative, shall be resolved in accordance with the rules and procedures set forth in the Cooperative’s governing documents established by Company; provided, however, in the absence of a rule or procedure, Company will resolve such disputes. Franchisee’s contributions to a Cooperative shall be credited towards satisfaction of the obligation for expenditures for local advertising and promotional activities as Company may require pursuant to Section 12.1.2 above; provided, however, if Franchisee’s contribution to the Cooperative does not at least equal the minimum obligation for expenditures for local advertising and promotion activities, Franchisee must expend the difference on local advertising and promotion activities as provided for in Section 12.1.2 hereof. Franchisee shall submit to Company, on behalf of the Cooperative, the contribution to the Cooperative required of Franchisee under this Agreement at such times as determined by Company, together with such other statements or reports as may be required by Company, or by the Cooperative with Company’s prior written approval.

12.3.6 Contributions to the Cooperative shall only be used for advertising and promotion activities approved by Company. Company shall have the right, but not the independent obligation, to set the rate of, collect and, to the extent submitted for collection and collected, shall have the custody of all contributions to the Cooperative, and shall disburse the contributions of the Cooperative as required to pay any invoice for the Cooperative. No Cooperative disbursements may be made without Company’s prior written approval. Company may, in its sole and exclusive business judgment, maintain contributions collected on behalf of the Cooperative segregated from the contributions of other cooperatives or aggregated with the contributions collected on behalf of other cooperatives, so long as Company keeps a separate accounting of the contributions collected and expenditures made on behalf of the Cooperative. Any such account established or maintained by Company is not a trust fund or trust account and any such account and the contributions maintained therein can be combined with other like accounts and contributions

as set forth above. No fiduciary or agency duties or relationships exist between Company, on the one hand, and the Cooperative and its members, on the other hand, arising out of or relating to the Cooperative. No contributions to the Cooperative or income thereon shall revert back to Franchisee or Company prior to the dissolution or other termination of the Cooperative. Company maintains the rights to change, dissolve, merge, or terminate the Cooperative. The Cooperative shall not be terminated, however, until all contributions in that Cooperative have been expended for advertising and/or promotional purposes.

12.3.7 As part of Franchisee's Advertising Obligation, Franchisee shall (i) be actively involved in Franchisee's community to promote the Shop, (ii) comply with any Company requirements for community involvement, and (iii) report such community involvement to Company as may be required in the Manuals.

12.4 In addition to the Advertising Obligation described above, Franchisee shall conduct, at its own expense, a new shop marketing program and related promotional activities and marketing (the "**New Shop Marketing Program**") in accordance with the New Shop Marketing Program set forth in the Manuals. Franchisee is required to deposit with Company a minimum amount specified in Exhibit A as the "**Minimum New Shop Marketing Program Expenditure**" to conduct the New Shop Marketing Program. Franchisee shall, within 15 days of Franchisee's execution of the lease or sublease for Accepted Location (or, if Franchisee will not be occupying the Premises under a lease or sublease, within 15 days after the execution of the Accepted Location Addendum), (i) execute Company's then-current form of New Shop Marketing Program Agreement, and (ii) deposit the Minimum New Shop Marketing Program Expenditure with Company. Company shall distribute such funds as necessary to conduct the New Shop Marketing Program. Franchisee must conduct the New Shop Marketing Program within 60 days prior to opening the Shop to the first 6 months of operations of the Shop. Franchisee acknowledges and agrees that the New Shop Marketing Program shall be considered local advertising and promotion (subject to Section 12.5), but shall not count toward Franchisee's obligations under Section 12.1.2. Franchisee may credit toward its required expenditures for the New Shop Marketing Program activities designated in the Manuals that are conducted in accordance with Company's specifications, standards, and policies. Company may, in its sole discretion, purchase on Franchisee's behalf out of the Minimum New Shop Marketing Program Expenditure deposit, broadcast and print advertising and such other advertising and promotion as recommended by Company. In addition to the advertising expenses of the New Shop Marketing Program, Franchisee shall participate in any grand opening promotions programs established by Company (the "**Opening Promotions Programs**"). Franchisee shall be responsible for all labor, Products, supplies, and cups associated with the Opening Give Away.

12.5 All marketing and promotion to be used by Franchisee, the Branding Fund, or a Cooperative (i) shall be in such media and manner (including the coverage area and/or distribution area), and of such type and format, as Company may approve; (ii) shall be conducted in a dignified manner; and (iii) shall conform to such standards and requirements as Company may specify. Company has the right to designate and/or change the Shop's name as used by Franchisee in any marketing and promotion materials, including the Website (as define below) and Social Media. Franchisee and Cooperative shall not use any marketing or promotional plans or materials that are not provided by Company unless and until Franchisee has submitted the materials to Company, pursuant to the procedures and terms set forth in Section 12.7 herein. Company has the right to

condition approval of marketing and promotion by Franchisee upon the condition that Franchisee offer to other System franchisees, whose Rita's Shops are located within the circulation area of the proposed marketing and promotion, the opportunity to contribute to and to participate in the marketing and promotion. No marketing and promotion plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Company.

12.6 Company shall make available to Franchisee, from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the Branding Fund; provided that Franchisee acknowledges and agrees that Company has the right to withhold any such materials from Franchisee during any period in which Franchisee is not in full compliance with its obligations to contribute to the Branding Fund or in which Company does not require contributions from Franchisee.

12.7 If Franchisee desires to use marketing and promotional plans and materials that have not been provided or previously approved by Company, Franchisee shall submit samples of all such marketing and promotional plans and materials to Company (as provided in Section 12.5 herein) for prior approval. Franchisee shall not use unapproved marketing and promotional plans and materials until Franchisee has obtained Company's approval. If Franchisee promotes or participates in any special promotional program(s), Franchisee shall use such displays and promotional materials as Company shall authorize and specify from time to time, and shall coordinate its participation with Company and other System franchisees as Company may direct or require.

12.8 Franchisee specifically acknowledges and agrees that any Website shall be deemed "advertising" and "marketing" under this Agreement, and will be subject to (among other things) Company's approval under the provisions of Section 12.5 above. As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes the Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

12.8.1 Company shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Products, Rita's Shops, the franchising of Rita's Shops, and/or the System;

12.8.2 Company shall have the sole right to control all aspects of the Website, including, without limitation, its design, content, functionality, links to the Websites of third parties, legal notices, and policies and terms of usage. Company shall also have the right to discontinue operation of the Website;

12.8.3 Franchisee shall not establish a separate website or register any domain name that displays or uses the Proprietary Marks or any marks confusingly similar thereto, or that refers to this Agreement, the Products, the Shop, Company, or the System. If Franchisee registers any domain name in violation of this subsection, in addition to all other rights and remedies of Company's under this Agreement, Company shall have the right, but

not the obligation, to require Franchisee to transfer any such registration(s) to Company or its designee, at Franchisee's expense;

12.8.4 Company shall have the right, but not the obligation, to (i) name the Website and/or webpages and (ii) designate one or more web page(s) to describe Franchisee and/or the Shop, with such web page(s) to be located within the Website. Franchisee shall comply with Company's policies with respect to the creation, maintenance, and content of any such webpages; and Company shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage; and

12.8.5 Company shall have the right to modify its policies and requirements regarding websites (including the Website) as Company may determine is necessary or appropriate.

12.9 Each year during the term of this Agreement, Franchisee must give away free cups of any flavor ice to any customer/guest who visits the Shop from opening to closing on the first day of Spring (the "**Spring Give Away**"). Company shall determine the size of the cup of ice used for each year's Spring Give Away. Franchisee shall be responsible for all labor, Products, supplies, and cups associated with the Spring Give Away. For all Rita's Mix Items (whether from Franchisee's inventory or whether purchased in preparation for the Spring Give Away), Franchisee will be responsible for paying all royalty amounts and Advertising Obligation contributions owed to Company at the time the Rita's Mix Items are purchased. Franchisee is also responsible for keeping accurate accounting and documenting how many free ice cups are given away as part of each year's Spring Give Away. Franchisee must submit this documentation to Company and Company will subsequently reimburse Franchisee for the Yield Based Royalty associated with the Menu Items given away as part of each year's Spring Give Away (i.e. calculated based on the number of free ice cups given away and Franchisee's retail price).

12.10 Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Proprietary Marks shall be Company's sole property, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed necessary by Company to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Shop or the System and approved by Company may be used by Company and other System franchisees without any compensation to Franchisee.

### **13. INSURANCE**

13.1 Franchisee shall procure, prior to the commencement of construction or any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, and Company against any demand or claim with respect to personal injury, death, product liability, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Shop, including comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, and product liability insurance. Such policy or policies shall reflect industry standards,

shall be written by a responsible carrier or carriers acceptable to Company, shall name Company and its respective officers, directors, partners, members, affiliates, subsidiaries and employees (“**Additional Insured Parties**”) as additional insureds and loss payees, and shall provide at least the types and minimum amounts of coverage as are specified in the Manuals as modified by Company from time to time. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of the Additional Insured Parties. Franchisee’s insurance policies are required to respond on a primary and non-contributory basis to any insurance carried by Company. Franchisee shall also maintain all other insurance coverage as may be required by law, including worker’s compensation and unemployment insurance.

13.2 Franchisee’s obligation to obtain and maintain the policy or policies in the amounts specified in the Manuals shall not be limited in any way by reason of any insurance which may be maintained by Company, nor shall Franchisee’s performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 Prior to the commencement of any operations under this Agreement, and thereafter on an annual basis, Franchisee shall deliver to Company Certificates of Insurance evidencing the proper types and minimum amounts of coverage. Franchisee shall also maintain Certificates of Insurance evidencing the proper types and minimum amounts of coverage at the Shop. All Certificates shall expressly provide that no less than 30 days’ prior written notice shall be given to Company in the event of any material alteration to or cancellation of the coverages evidenced by such Certificates.

13.4 Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Company in the Manuals or otherwise in writing, Company shall have the right and authority (but not the obligation) to procure such insurance and to charge the same to Franchisee, which charges, together with a reasonable fee for Company’s expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Company may have.

#### **14. TRANSFER OF INTEREST**

14.1 Company shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Company’s shall become solely responsible for all of Company’s transferred or assigned obligations under this Agreement from the date of assignment.

14.2 Franchisee understands and acknowledges that Company has granted this franchise in reliance on Franchisee’s (or, if Franchisee is an entity, its Owners’) business skill, financial capacity, and personal character. Accordingly, neither Franchisee, nor any individual (including the Owners), partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Shop shall sell, assign, transfer, convey, pledge, encumber, merge, or give (collectively, “**transfer**”) away any direct or indirect interest in Franchisee (including any direct or indirect interest in a Franchisee that is an entity) in the Shop, or



in all or substantially all of the assets of the Shop or the business franchised hereunder, without Company's prior written consent. No transfer shall be permissible unless Franchisee has opened and operated the Shop for at least 3 months.

14.3 Franchisee shall notify Company in writing of any proposed transfer of any direct or indirect interest in this Agreement, in Franchisee, in the Shop, or in all or substantially all of the assets of the Shop at least 45 days before such transfer is proposed to take place. Company will review the proposed transfer in connection with Company's rights under Section 14.6 below and/or to determine whether the proposed terms and transferee(s) meet Company's standards. Franchisee authorizes Company to communicate with the transferee for the purpose of providing to the transferee any information Company deems appropriate. For any proposed transfer, Company has the right to require certain conditions for its approval, which may include the following:

14.3.1 That Franchisee shall not have any past due monetary obligations or other outstanding obligations to Company and its affiliates, the approved suppliers of the System, or the lessor/sublessor of the Premises;

14.3.2 That Franchisee shall not be in default of any provision of this Agreement (including the submission of all reports, current to the date of transfer, required by Section 11.3.2), or successor hereto, or any other agreement between Franchisee and or Franchisee's owners and Company or its affiliates, the approved suppliers of the System, or the lessor of the Premises; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

14.3.3 That Franchisee, any Owner, any franchisee, or developer of Company's in which Franchisee and/or any Owner has a beneficial interest, shall execute a general release, in a form prescribed by Company, of any and all claims against Company and its affiliates, and their respective officers, directors, agents, and employees;

14.3.4 Any proposed assignment agreement executed by the transferor and transferee shall be in a form designated by Company, which includes a requirement that the transferee of any beneficial interest in Franchisee shall enter into a written agreement, in a form designated by Company, agreeing to be bound as an Owner under the terms of this Agreement as long as such person or entity owns any interest in Franchisee;

14.3.5 If the transferee is an entity, the owners of beneficial interest in the transferee (including their spouses) shall guarantee the performance of the transferee's obligations in writing in a form designated by Company;

14.3.6 The transferee shall execute, for a term ending on the expiration date of this Agreement, Company's then-current form of franchise agreement then being offered to new System franchisees (for the type of Rita's Shop most similar to the Shop), and such other ancillary agreements required by Company for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement, including a higher royalty and Advertising Obligation and/or payment of a royalty fee calculated in a different manner, provided, however, that Franchisee shall not have to pay an initial franchise fee;

14.3.7 That the transferee demonstrate to Company's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is an entity, such owners of beneficial interest in the transferee as Company may require) meets Company's then-current educational, managerial, socially responsible, and business standards (including a demonstration of competence with respect to computer applications, verbal and written language skills, mathematical applications and ability to prepare a business plan); possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Shop (as may be evidenced by prior related business experience or otherwise) and absence of conflicting interests; and has adequate financial resources and capital to operate the Shop. If the transferee is already a System franchisee, transferee must also meet the current standards for new System franchisees; have the ability to operate multiple Rita's Shops; have existing Rita's Shops that are proximate to the Shop that is being transferred; own less than 8% of the franchised Rita's Shops operating under the System; and have a record of customer service and compliance with System Operating Standards satisfactory to Company. Additionally, if the transferee is an existing franchisee, and the Shop to be acquired by the transferee is further than a one-hour drive from the transferee's existing Shop, then the transferee shall be required to have a person who holds a minimum of 20% beneficial interest in the transferee entity and who lives within a one-hour drive of the Shop to act as the designated owner for the Shop;

14.3.8 If the Shop has not been refurbished pursuant to Section 7.15 within 5 years of the proposed transfer, that the transferee shall, at its expense and in a manner satisfactory to Company, refurbish, renovate, and/or reconstruct the Shop, and expend such funds as Company requires in doing so, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks to the image then in effect for new or the most recently remodeled Rita's Shops including structural changes, remodeling, redecoration, and modifications to existing improvements;

14.3.9 That Franchisee and transferee(s) remain liable for all of the obligations to Company in connection with the Shop which arose prior to the effective date of the transfer and execute any and all instruments required by Company to evidence such continuing liability;

14.3.10 That the transferee (and, if the transferee is an entity, such owners of beneficial interest in the transferee as Company may require), and the transferee's manager (if transferee or an owner of beneficial interest in transferee will not manage the Shop), successfully complete any training programs then in effect for System franchisees and managers upon such terms and conditions as Company may require. Company will not require payment of an initial training fee to attend Initial Training for up to two trainees of the transferee who complete training within the first 6 months after the transfer takes place;

14.3.11 That Franchisee pay to Company a transfer fee in an amount equal to 50% of Company's then-current initial franchise fee for the Designated Shop Type at the time of the transfer (or if the Designated Shop Type is no longer offered, the renewal fee will be the then-current initial franchise fee for the most similar type of Rita's Shop as determined by Company). In the case of a transfer to an entity formed by Franchisee solely for the

convenience of ownership, the transfer fee for such transfer shall be waived if done within 6 months of the Effective Date and reduced to a \$500 administrative fee if done more than 6 months after the Effective Date;

14.3.12 That Franchisee and the transferee satisfy all of the conditions (including the conditions in this Section) for Company's consent to the transfer and consummate the transfer within 30 days of the date on which the transferee completes the training requirements described in Section 14.3.10 hereof;

14.3.13 That transferor(s) shall agree in writing to comply with the covenants set forth in Section 17 below; and

14.3.14 That an escrow account ("**Escrow**") is established in order to facilitate the refurbishment, renovation, and/or reconstruction of the Shop described in Section 14.3.8. The Escrow will be established with either Company or an escrow agent approved by Company, and such party shall hold the funds necessary to comply with Section 14.3.8. Company shall have the right to approve the form of escrow agreement, which must contain (at a minimum) provisions specifying that (i) Company must sign off on the release of any funds in Escrow; and (ii) Company is deemed a third-party beneficiary.

14.4 For any transfer not included in Section 14.3, each transferee shall, in addition to the requirement of obtaining Company's consent as provided in Section 14.2 above, be subject to the requirements of Sections 14.3.3, 14.3.4 and 14.3.5.

14.5 Neither Franchisee nor any Owner shall grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including the Shop unless Franchisee satisfies Company's requirements. Such requirements may include execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 14, and agrees that in the event of any default by Franchisee under any documents related to the security interest, Company shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Company exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.6 If any party holding any direct or indirect interest in this Agreement, in Franchisee, in the Shop, or in all or substantially all of the assets of the Shop desires to accept any *bona fide* offer from a third party to purchase such interest, Franchisee shall notify Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as Company may require (e.g. term sheet, letter of intent, proposed asset purchase agreement). Company shall have the right and option, exercisable within 30 days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Company may require to supplement or clarify information provided to Company with the written transfer request), to send written notice to the seller that Company intends to purchase the seller's interest on the same terms and conditions offered by the third party; provided, however, a spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 14.6. If Company elects to purchase the seller's interest, closing on such purchase shall occur within 45 days from the date of notice to the seller of the election to purchase by Company, or, if longer, on the same timetable as contained in the *bona fide* offer. If

Company elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party shall constitute a new offer subject to the same rights of first refusal by Company as in the case of the third party's initial offer. Failure of Company to exercise the option afforded by this Section 14.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer.

14.7 Upon the death or incapacity of any person with an interest in this Agreement, in Franchisee, in the Shop, or in all or substantially all of the assets of the Shop, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Company within 3 months after such death or incapacity. Such transfers, including transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer except no transfer fee will be required. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Company within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time (not to exceed 6 months from such death or incapacity), Company may terminate this Agreement, pursuant to Section 15.4 hereof.

14.8 Company's consent to any transfer pursuant to this Section 14 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be a waiver of Company's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.9 All materials required for any offering of securities or partnership interests in Franchisee by federal or state law shall be submitted to Company by the offeror for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be submitted to Company for review prior to their use. No offering shall imply, by use of the Proprietary Marks or otherwise, that Company is participating in an underwriting, issuance, or offering of securities of either Franchisee or Company; and review by Company of any offering shall be limited solely to the subject of the relationship between Franchisee and Company. At its option, Company may require the offering materials to contain written statements or disclaimers prescribed by Company including any limitations stated above in this Section. Franchisee and the other participants in the offering must fully indemnify Company in connection with the offering. For each proposed offering, Franchisee shall reimburse Company for its actual costs and expenses associated with reviewing the proposed offering materials, including legal and accounting fees. Franchisee shall give Company written notice at least 60 days prior to the date of commencement of any offering or other transaction covered by this Section 14.9. Any such offering shall be subject to Company's prior written consent and right of first refusal as provided for in Sections 14.2 and 14.6, respectively, hereof.

14.10 If Franchisee is an entity: (1) an original Owner must at all times during the term of this Agreement have a controlling interest in Franchisee; and (2) Franchisee shall require each Owner (including each shareholder, partner or member (as the case may be)) holding an interest in Franchisee to execute a covenant with Company agreeing not to transfer any interest in Franchisee in violation of the terms of this Agreement.

14.11 If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the United States, or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights hereunder and/or any material assets of Franchisee, shall be subject to all of the terms of this Section 14.

14.12 Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Company, or any of its affiliates, are prohibited by law from transacting business.

## **15. DEFAULT AND TERMINATION**

15.1 Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or Operating Assets is instituted against Franchisee and not dismissed within 30 days; or if the real or personal property of the Shop shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Upon the occurrence of any of the following events of default, or upon the breach of any of the covenants listed in Section 17 of this Agreement, Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 23 hereof):

15.2.1 If Franchisee fails to open the Shop or complete any training in accordance with the deadlines and requirements in Sections 5 and/or 6 above;

15.2.2 If Franchisee (i) loses the right to occupy the Premises, (ii) acts or fails, to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Premises, or (iii) in any way jeopardizes its right to renewal of such lease or sublease;

15.2.3 If Franchisee or any of its Owners commits, is convicted of, or pleads guilty or "nolo contendere" to a felony (or misdemeanor punishable by imprisonment for more than one year), a crime involving sexual groping, assault/battery involving sexual touching, a crime involving moral turpitude, or any other act, crime, or offense that Company

believes is injurious to the System, the Proprietary Marks, the Products, or the goodwill associated therewith;

15.2.4 If a threat or danger to public health or safety results from the construction, development, maintenance, or operation of the Shop;

15.2.5 If Franchisee's action or inaction, at any time, results in the loss of the right to possession of the Premises, or forfeiture of the right to do or transact business in the jurisdiction where the Shop is located;

15.2.6 If Franchisee or other party covered by Section 14 above purports to transfer any rights or obligations under this Agreement, or any interest in Franchisee, the Shop, or the assets of the franchised business to any third party in a manner that is contrary to the terms of Section 14 hereof;

15.2.7 If Franchisee maintains false books, records or reports, knowingly submits any false statements, books, records or reports to Company, fails to submit its annual selling price for Products by the date specified by Company, or fails to immediately report to Company any change in its selling price for any Product;

15.2.8 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Company;

15.2.9 If Franchisee or any of its Owners (or guarantor(s), spouse or other related party to Franchisee and/or any Owner) operates the Shop in a manner, or engages in any other conduct (including activities and communications with Company employees or representatives, customers, suppliers, landlords, other System franchisees or third parties, or social media posts), that Company determines to be injurious or prejudicial to the reputation or goodwill associated with the System, Proprietary Marks, Rita's Products, or Company's rights therein;

15.2.10 If Franchisee commits 4 or more defaults under this Agreement in any 24-month period, whether or not each such default has been cured after notice (this provision in no way limits Section 15.2.11 below);

15.2.11 If Franchisee, after curing a default pursuant to Sections 15.3 or 15.4 hereof, commits the same default again, whether or not cured after notice;

15.2.12 If Franchisee, at any time, ceases to operate or otherwise abandons the Shop for a period of 3 consecutive days unless such closure is approved in writing by Company, or excused by force majeure pursuant to Section 5.6. Any such closure referred to in the previous sentence shall be deemed a repudiation of the Franchise Agreement by Franchisee;

15.2.13 If Franchisee fails to attend, as required under Section 7.25, two Annual Meetings;

15.2.14 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure;

15.2.15 If Franchisee (i) misuses or makes an unauthorized use of or misappropriates any Proprietary Mark, (ii) commits any act which can be reasonably expected to materially impair the goodwill associated with any Proprietary Mark, (iii) challenges Company's ownership of the Proprietary Marks, (iv) files a lawsuit involving the Proprietary Marks without Company's consent, or (v) fails to cooperate with Company in the defense of any Proprietary Mark;

15.2.16 If Franchisee submits to Company a financial report or other data, information or supporting records which understate by more than 2% the (i) Gross Sales for the Shop or (ii) royalty fees and/or Advertising Obligation contributions and/or expenditures due for any reporting period and is unable to demonstrate that such understatements resulted from an inadvertent error;

15.2.17 If Franchisee fails to report (i) conducting any Catering Activity or Mobile Event, or revenue from any Catering Activity or Mobile Event; or (ii) engages in any unauthorized Catering Activity, Mobile Event, off-site sales, or off-site activities connected to the Shop, Proprietary Marks or Proprietary Products; or

15.2.18 If Franchisee does not allow Company to enter or inspect the Shop (including denying access to portions of the Premises such as storage areas or freezers) or any other place where business related to the Shop is conducted for purposes of making an investigation under Section 11.4.

15.3 Upon the occurrence of any of the following events of default, Company may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 23 hereof) stating the nature of the default to Franchisee at least 7- days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Company's satisfaction, and by promptly providing proof thereof to Company within the specified time period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the specified time period, as applicable law may require.

15.3.1 If Franchisee and/or any affiliate or Owner of Franchisee fail, refuse, or neglect promptly to pay any monies owing to Company or its affiliates when due;

15.3.2 If Franchisee refuses to permit Company to inspect the books, records, reports, or accounts of Franchisee upon demand;

15.3.3 If Franchisee fails to operate the Shop during such days and hours specified in the Manuals or this Agreement;

15.3.4 If Franchisee fails, refuses, or neglects promptly to submit Certificates of Insurance to Company when due as required under Section 13;

15.3.5 If Franchisee fails to maintain or observe any of the health and sanitation standards and procedures prescribed by Company in this Agreement, the Manual, or otherwise in writing; or

15.3.6 If Franchisee and/or any affiliate or Owner of Franchisee is in default under any other agreement or promissory note with Company or any affiliate of Company.

15.4 Except as otherwise provided in Sections 15.1, 15.2 and 15.3 of this Agreement, upon any other default by Franchisee, Company may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 23 hereof) stating the nature of the default to Franchisee at least 30 days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Company's satisfaction, and by promptly providing proof thereof to Company within the 30-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, Company may terminate this Agreement effective immediately upon the expiration of the 30-day period or such longer period as applicable law may require.

15.5 If Franchisee fails to cure a default within any applicable notice period, or if this Agreement is terminated as a result of Franchisee's default, Franchisee shall pay to Company all damages, costs and expenses, including late fees, collection fees, interest at 1.5% per month, or the highest permissible rate, and reasonable investigation and attorneys' fees incurred by Company as a result of any such default or termination. All such interest, damages, costs, and expenses may be included in and form part of the judgment awarded to Company in any proceedings brought by Company against Franchisee.

15.6 Franchisee acknowledges that upon Franchisee's failure to remedy any default specified in any written notice issued to Franchisee under Sections 15.2, 15.3, and/or 15.4, Company also has the right to (i) cease providing any operational support or services, until, Franchisee complies to Company's satisfaction with the written notice, (ii) suspend Franchisee's right to use and access the CoolNet, (iii) suspend access and use of the Website (including the removal of the Shop from the Website) and any apps, (iv) suspend and/or terminate any approval authorizing Franchisee to engage in Catering Activities, (v) cease providing Products to Franchisee, and (vi) cease having Company's affiliates and suppliers provide Products and support to Franchisee. If Company exercises Company's right to suspend Franchisee's rights, Company will only do so after Franchisee's cure period under the written notice of default has expired. Franchisee agrees that Company's exercise of these rights will not constitute an actual or constructive termination of this Agreement nor will it constitute Company's sole and exclusive remedy. If Company exercises Company's right not to terminate this Agreement but to implement such suspension and/or removal, Company reserves the right at any time after the appropriate cure period under the written notice has lapsed, to, upon written notice to Franchisee, terminate this Agreement without giving Franchisee any additional corrective or cure period. During any period of suspension, all fees due under this Agreement shall continue to be payable by Franchisee. Additionally, if Franchisee is in default under this Agreement, Company has the right to withhold or condition Company's consent or approval if needed until Franchisee cures all defaults. Company's election of the suspension rights as provided above shall not be a waiver by Company of any breach of this Agreement or any other term, covenant or condition of this Agreement.



## **16. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee terminate, meaning that Company may establish and operate Rita's Shops in the Territory, and:

16.1 Franchisee acknowledges and confirms that by granting Franchisee the franchise to operate the Shop in the Territory, Company lost the opportunity to grant a franchise for the Territory to another person or entity or to itself to own and operate a Shop within the Territory. Additionally, Franchisee confirms that Company will suffer substantial damages by virtue of the termination of this Agreement before its expiration by (i) Company for the defaults set forth in Sections 15.1 through 15.4 or (ii) Franchisee (including, without limitation, by abandonment of the operations of the Shop and/or repudiation of this Agreement), including, without limitation, lost royalty fees, lost Advertising Obligation contributions and expenditures, lost market penetration and goodwill in the Territory, lost opportunity costs and the expense Company will incur in developing another franchise for the Territory, which damages are impractical and extremely difficult to ascertain and/or calculate accurately, and the proof of which would be burdensome and costly, although such damages are real and meaningful to Company and the System. Accordingly, in the event that (a) Company terminates this Agreement before its expiration due to any default by Franchisee as set forth in Sections 15.1 through 15.4 or (ii) Franchisee abandons operations of the Shop, Franchisee agrees to pay to Company in a lump sum on the effective date of Company's termination or Franchisee's abandonment of operations of the Shop, liquidated damages, which represents a fair and reasonable estimate of Company's foreseeable losses as a result of such termination, and which are not in any way intended to be a penalty, in an amount equal to the product of (i) the number of months of the unexpired portion of the term under this Agreement (as set forth in Section 2 above), multiplied by (ii) the Shop's average monthly royalty fees (including Yield Based Royalties and Non-Yield Based Royalties) and Advertising Obligation contributions and expenditures required under this Agreement during the 24-month period (or any shorter period provided for below) immediately preceding the earlier of the date of termination or abandonment of the Shop (regardless of whether that period includes operational history for the Shop when it was owned by a different ownership group); provided, however, if prior to the termination or abandonment of the Shop, Franchisee was not maintaining operating hours for the Shop in accordance with minimum hours of each day as specified in the Manuals, the 24-month period (or any shorter period provided for below) used in the calculations in this Section shall be the 24-month period (or any shorter period provided for below) immediately preceding the last date on which Franchisee was maintaining operating hours for the Shop in accordance with minimum hours of each day as specified in the Manuals (subject to any periods Seasonal shops are permitted to close). Because the calculations described in this Section use a monthly average (regardless of the Shop's Designated Operating Period), if the Shop is Seasonal and closes at the conclusion of a season and fails to reopen for the following season, the termination or abandonment date shall be the date the Shop closed in the last season the Shop operated. Notwithstanding anything to the contrary in this Section, in the event that the Shop has not been operating for 24 months, the average monthly amount of royalty fees (including Yield Based Royalties and Non-Yield Based Royalties) and Advertising Obligation contributions and expenditures shall be based on the actual months in which the Shop has been open instead of a 24-month period. For purposes of this Section, Shop includes all operations of the franchised business including all activities (e.g. operation of satellites and mobile units) conducted under any addenda and/or amendments to this Agreement. The liquidated

damages amount due under this Section shall be reduced to net present value as calculated when due. Franchisee acknowledges and agrees that Franchisee is obligated to pay Company for Company's lost profits (as estimated by this Section) due to Franchisee's breach of this Agreement, notwithstanding that Company may have terminated this Agreement. Further, Franchisee acknowledges that its obligation to pay Company liquidated damages is in addition to, not in lieu of, Franchisee's obligations to pay other amounts due to Company under this Agreement or other damages caused by Franchisee's breach of this Agreement and to strictly comply with any other post-termination obligations required hereunder. Should any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement limit Franchisee's ability to pay, and Company's ability to receive, such liquidated damages, Franchisee shall be liable to Company for any and all damages incurred by Company, as a result of Franchisee's breach of this Agreement.

16.2 Franchisee shall immediately cease to operate the Shop, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Company in connection with the promotion or operation of any other business. Franchisee shall take any other action requested by Company related to ceasing operations of the Shop under this Section 16.2.

16.3 Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; and the Proprietary Mark "RITA'S" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use (i) all exterior signage (including, but not limited to, building signs, shopping center signs, awnings, menu boards, pylon signs, monument signs, and pole signs), all interior signage posters, logos and graphics (including, but not limited to, interior graphics on all storefront windows, equipment and fixtures), marketing materials, displays, stationery, email addresses, forms, Products, and any other articles which incorporate or display the Proprietary Marks, and (ii) all Rita's Products. Franchisee shall (a) turn over control (by providing Company username(s) and password(s), as necessary) of any Social Media pages and/or accounts related to the Shop and/or franchised business, and/or (b) take any necessary steps to remove and deactivate the Shop from all third-party delivery vendors used by Franchisee. Franchisee shall take any other action requested by Company related to de-identifying the Shop under this Section 16.3.

16.4 Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "RITA'S" or any other Proprietary Marks, and Franchisee shall furnish Company with evidence satisfactory to Company of compliance with this obligation within 5 days after termination or expiration of this Agreement.

16.5 Franchisee shall, at the option of Company, assign to Company (or Company's designee) any interest which Franchisee has in any lease or sublease for the Premises. In the event Company does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises (including the changing of, and the assigning to Company of, the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of a Rita's Shop under the System, and shall make such specific additional changes thereto

as Company may require for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.5, Company shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. Additionally, if Company does not elect to exercise the option to acquire the lease/sublease, Franchisee shall comply with Section 17.4.2 below regarding a Competitive Business, as defined in Section 17.2 of this Agreement.

16.6 Franchisee agrees, in the event that it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Company's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including reference to Company, the System, or the Proprietary Marks) which suggests or represents a present or former association or connection with Company, the System, or the Proprietary Marks. Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks, or any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks in violation of this Section constitutes a default of this Agreement and will cause irreparable harm to Company. Company will notify Franchisee in the event that Company determines that any of the violations as described in this Section 16.6 have occurred. Company has the exclusive right to determine what is likely to cause confusion, mistake, or deception, what is likely to dilute Company's rights in and to the Proprietary Marks, and what suggests or represents a present or former association or connection with Company, the System, or the Proprietary Marks.

16.7 Franchisee shall promptly pay all sums owing to Company and its affiliates, including Company's reasonable attorneys' fees, and costs in accordance with Section 15.5 above.

16.8 Franchisee shall, at its own expense, immediately deliver to Company the Manuals and all other records, correspondence, and instructions containing confidential information relating to the construction, development, and/or operation of the Shop (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be Company's property.

16.9 Company may purchase all the proprietary pieces of the Mix/Dispensing Equipment (e.g. doors to batch machines and dashers for batch machines) for \$25 and Franchisee shall deliver to Company such proprietary pieces upon termination or expiration of this Agreement and Company's request to purchase such proprietary pieces. Company or its designated affiliate shall have the option, to be exercised within 30 days after termination or expiration, to purchase from Franchisee the Mix/Dispensing Equipment (minus the proprietary pieces of the Mix/Dispensing Equipment provided for the in the previous sentence) used in, or intended for use in, the operation of the Shop for the fair market value. If the parties cannot agree on a fair market value of the Mix/Dispensing Equipment within a reasonable time, an independent appraisal shall be conducted at Company's expense and the appraiser's determination shall be binding.

16.10 Franchisee shall deliver to Company, without charge, all Operating Assets (except as provided in Section 16.9), signs (including menu board systems) and furnishings which bear the

Proprietary Marks and which Company deems to be proprietary to the System. In addition, Company shall have the option, to be exercised within 30 days after termination, to purchase from Franchisee any or all of the non-proprietary Operating Assets, supplies, or inventory (including Product mixes) of Franchisee related to the operation of the Shop, at the lesser of Franchisee's cost or fair market value. The cost for such items shall be determined based upon a 5-year straight-line depreciation of original costs. For any Operating Asset that is 5 or more years old, the parties agree that fair market value shall be deemed to be 8% of the Operating Asset's original cost. If Company elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

16.11 Franchisee (and Owners) shall comply with the covenants contained in Section 17 of this Agreement.

16.12 Franchisee shall take such action as may be required to transfer or assign to Company all sites and Social Media accounts referring to the Shop or any of the Proprietary Marks or, at Company's sole discretion and direction, Franchisee shall cancel or remove from the Internet all sites and Social Media accounts referring to the Shop or any of the Proprietary Marks.

16.13 Franchisee shall immediately irrevocably assign and transfer to Company or its designee any and all interests Franchisee may have in any website maintained by Franchisee in connection with the Shop and in the domain name and home page address related to such website. Franchisee shall immediately execute any documents and perform any other actions required by Company to effectuate such assignment and transfer and otherwise ensure that all rights in such website revert to Company or its designee, and hereby appoints Company as its attorney-in-fact to execute such documents on Franchisee's behalf if Franchisee fails to do so.

## **17. COVENANTS**

17.1 Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Company, Franchisee (or, if Franchisee is an entity, an Owner) or Franchisee's fully-trained manager shall devote full time and best efforts to the management and operation of the Shop. The person who shall devote full time and best efforts to the management and operation of the business shall live within one (1) hour drive from the Shop, be present at the Shop for such minimum hours of each day that Company shall specify in the Manuals and also be directly responsible for (i) marketing the Shop; (ii) customer service and customer relations; (iii) complying with the operation standards and the Manuals; and (iv) management of the staff. Franchisee acknowledges and agrees that the success of the Shop and the System is dependent upon the marketing, solicitation, and sale of the Menu Items under the System. To that end, Franchisee shall use best efforts to: (1) maximize the sale of the Menu Items in the Territory; (2) promote the Shop; and (3) implement recommendations from Company.

17.2 Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, information regarding the operational, sales, promotional, and marketing methods and techniques of Company and the System. A "**Competitive Business**" means any business with 10% or more of its actual or intended Gross Sales in any month from Italian ice, custard, ice cream, sorbet, frozen yogurt and/or other frozen dessert items.

17.3 Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Company, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

17.3.1 Divert or attempt to divert any present or prospective business or customer of any Shop to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Company (or any of its affiliates), the Products, the Proprietary Marks, or the System;

17.3.2 Employ or seek to employ any person who is at that time employed by Company, or otherwise encourage such person to leave his or her employment; or

17.3.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in (as owner or otherwise) any Competitive Business Furthermore, Franchisee acknowledges and agrees that Franchisee shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 15 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is an entity, the immediate family of each Owner that is subject to these covenants) engages in a Competitive Business that would violate this Section 17.3.3 if such person was subject to the covenants of this Section 17.

17.4 Franchisee covenants that, except as otherwise approved in writing by Company, for a continuous uninterrupted period of 2 years commencing upon the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.4; or (e) any or all of the foregoing:

17.4.1 Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located at or within a five-mile radius of the Territory (including the Premises and the Accepted Location) or a three-mile radius of any Rita's Shop under the System; provided, however, that this provision shall not apply to the operation by Franchisee of any business under the System under a franchise agreement with Company; or

17.4.2 Franchisee shall not sublease, assign, or sell Franchisee's interest in any lease, sublease, or ownership of the Premises or assets of the Shop to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business.

17.5 Sections 17.3.3 and 17.4 shall not apply to ownership by Franchisee of a less than 1% beneficial interest in the outstanding equity securities of any corporation which has securities

registered under the Securities Exchange Act of 1934. The parties intend to be bound by Sections 17.3.3 and 17.4. Should there be a change in the law which would render Sections 17.3.3 or 17.4 inoperative, then the parties authorize any judge to make any and all changes to ensure that the restraints for both time and geography are within the scope of the law.

17.6 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. Section 17.3 and Section 17.4 shall be independent covenants. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17. Franchisee understands and acknowledges that Company shall have the right to reduce the scope of any obligation imposed on Franchisee by Sections 17.3 and 17.4, and that such modified provision shall be effective upon Franchisee's receipt of written notice thereof.

17.7 Franchisee expressly agrees that the existence of any claims it may have against Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Company of the covenants in this Section 17; provided, however, any claims Franchisee may have against Company may be brought in a separate proceeding. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Company in connection with the enforcement of this Section 17.

17.8 At the request of Company, Franchisee shall obtain and furnish to Company executed covenants similar in substance to those set forth in this Section 17 (including covenants applicable upon the termination of a person's relationship with Franchisee) and the provisions of Sections 10 and 16 of this Agreement (as modified to apply to an individual) from any or all of the following persons (including Owners): (a) all managers of Franchisee and any other personnel employed by Franchisee who have received or will receive training from Company; (b) all officers, directors, and holders of a beneficial interest of 1% or more of the securities of Franchisee, and of any corporation or limited liability company directly or indirectly controlling, controlled by, or under common control with, Franchisee, if Franchisee is a corporation; and (c) the general partners and any limited partners (including any corporation or limited liability company, and the officers, directors, and holders of a beneficial interest of 1% or more of the securities of any corporation or limited liability company which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership. Every covenant required by this Section 17.8 shall be in a form approved by Company, including specific identification of Company as a third-party beneficiary of such covenants with the independent right to enforce them.

17.9 Franchisee agrees to comply with and/or to assist Company to the fullest extent possible in Company's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws, and that Franchisee is not otherwise in violation of any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future U.S. federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or

in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's employees, or any "blocking" of Franchisee's assets under the Anti-Terrorism Laws shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee or owners of Franchisee has entered with Company or its affiliates in accordance with the termination provisions of this Agreement.

## **18. CORPORATE, LIMITED LIABILITY COMPANY, OR PARTNERSHIP FRANCHISEE**

18.1 Company may require Franchisee to be an entity and, if Franchisee is an entity or required to be an entity, (i) each shareholder, member or partner of Franchisee shall be deemed Owners and shall execute the guarantee provision of this Agreement (along with their spouses); and (ii) each Owner, and the interest of such person in Franchisee, shall be identified in Exhibit B hereto. Franchisee shall immediately furnish Company with an update to the information contained in Exhibit B upon any change, provided that nothing in this Section 18.1 shall waive or otherwise limit the terms of Section 14 regarding transfers. Additionally, Franchisee shall identify in Exhibit B, an Owner, who is acceptable to Company, to serve as Franchisee's "**Designated Owner.**" The Designated Owner is, and at all times during the term of this Agreement shall be, an Owner of at least 20% of the capital stock of Franchisee (on a fully diluted basis). The Designated Owner must (a) devote his or her full time and best efforts to the management of the operations of the Shop, (b) live within a one-hour drive to the Shop, and (c) have the responsibility and decision-making authority regarding the Shop's operation and Franchisee's business. Franchisee acknowledges and agrees that Company shall have the right to rely upon the Designated Owner for such purposes. Additionally, Franchisee shall not remove or replace the Designated Owner identified in Exhibit B without Company's prior written approval.

18.2 If Franchisee (or any successor to or assignee of Franchisee) is a corporation or limited liability company, Franchisee shall comply with the following requirements:

18.2.1 Franchisee shall be newly organized, and its charter shall at all times provide that its activities are confined exclusively to operating the Shop;

18.2.2 Copies of Franchisee's Articles of Incorporation, Bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement, shall be promptly furnished to Company, upon request of Company;

18.2.3 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Company that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 18.2.3 shall not apply to a publicly-held corporation; and

18.2.4 Franchisee shall submit to Company, for prior written approval, any corporate or other legal name that Franchisee proposes to use.

18.3 If Franchisee (or any successor to or assignee of Franchisee) is a partnership, it shall comply with the following requirements:

18.3.1 Franchisee shall furnish Company with a copy of its partnership agreement as well as such other documents as Company may reasonably request, and any amendments thereto; and

18.3.2 Franchisee shall submit to Company, for prior written approval, any name of the partnership or other legal name that Franchisee proposes to use.

## **19. TAXES, PERMITS, AND INDEBTEDNESS**

19.1 Franchisee shall promptly pay when due (i) all taxes levied or assessed, including unemployment and sales taxes, and (ii) in accordance with normal business practices, all accounts and other indebtedness of every kind incurred by Franchisee in the construction, development, and/or operation of the Shop. Franchisee shall pay to Company an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Company with respect to any payments to Company required under this Agreement, unless the tax is credited against income tax otherwise payable by Company. Franchisee must also pay Company an amount equal to a pro rata share of any state income tax imposed on Company by the state in which the Shop is located (allocated among all franchisees under the System in such State) or similar tax imposed on Company with respect to any payments to Company under this Agreement.

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

19.3 Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Shop, including licenses and permits to do business, fictitious name registrations, sales tax permits and fire clearances.

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

## **20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

20.1 Franchisee is an independent contractor. Company and Franchisee are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship. Franchisee shall be solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Shop and its business.



20.2 During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Shop pursuant to a franchise agreement from Company. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Company reserves the right to specify. Company will not exercise direct or indirect control over the working conditions of the Shop personnel except to the extent such indirect control is related to Company's legitimate interest in protecting the quality of Products, service, or the Proprietary Marks. Company does not share or co-determine the terms and conditions of employment of Franchisee's employees or affect matters relating to the employment relationship between Franchisee and its employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Furthermore, Company is not the employer of Franchisee as the parties acknowledge and agree there is no employee/employer relationship. To that end, Franchisee agrees to identify itself conspicuously in all dealings with personnel as the employer of such personnel and that Company as the franchisor, is not their employer and does not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

20.3 Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on behalf of Company, or to incur any debt or other obligation in the name of Company; and Company shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Company be liable by reason of any act or omission of Franchisee in its construction, development, and/or operation of the Shop or for any claim or judgment arising therefrom against Franchisee or Company. Franchisee hereby waives all claims against Company for damages to property or injuries to persons arising out of the construction, development, and/or operation of Franchisee's business. Franchisee shall indemnify and hold Company and its affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the construction, development, and/or operation of the Shop and/or Franchisee's conduct under this Agreement, including those alleged to be caused by the Indemnitees' negligence. Franchisee agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Franchisee, any claim against the Indemnitees at their sole option. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges, or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Franchisee's obligation hereunder.

## **21. APPROVALS AND WAIVERS**

21.1 Whenever this Agreement requires Company's prior authorization, approval or consent, Franchisee shall make a timely written request to Company therefor, and such approval or consent must be obtained in writing. Failure by Company to provide approval or consent in writing shall constitute a denial of the same.

21.2 Company makes no warranties or guarantees upon which Franchisee may rely upon, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

21.3 No failure of Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, including any practice or action of Company in its dealing with any other party, shall constitute a waiver of Company's right to demand exact compliance with any of the terms hereof. Waiver by Company of any particular default of Franchisee shall not affect or impair Company's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission of Company to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Company's right to exercise the same, nor shall such constitute a waiver by Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Company of any contributions or payments due to it hereunder shall not be deemed to be a waiver by Company of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

21.4 Company shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Company reserves or is deemed to have reserved a right, option, or discretion in a particular area or where Company agrees or is deemed to be required to exercise its rights reasonably or in good faith, Company will satisfy its obligations whenever it exercises reasonable business judgment in making its decision or exercising its rights. A decision or action by Company will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Company intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other interest of Company's and/or is adverse to Franchisee's interests. Examples of items that will promote or benefit the System include enhancing the value of the Proprietary Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the System. Company's reasonable business judgment shall not be subject to any limitation or review and neither Franchisee nor any third party (including a trier of fact), shall substitute its judgment for Company's reasonable business judgment. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Company and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Company the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

## **22. WARRANTIES OF FRANCHISEE**

22.1 Company entered into this Agreement in reliance upon the statements and information submitted to Company by Franchisee in connection with this Agreement. Franchisee represents and warrants that all such statements and information submitted by Franchisee in connection with this Agreement are true, correct, and complete in all material respects. Franchisee

agrees to promptly advise Company of any material changes in the information or statements submitted.

22.2 Franchisee represents and warrants to Company that neither Franchisee (including any and all of its employees, directors, officers, and other representatives) nor any of its affiliates or the funding sources for either, is a person or entity designated with whom Company, or any of its affiliates, are prohibited by law from transacting business.

**23. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally served, mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Company:	Rita’s Franchise Company, LLC 1210 Northbrook Drive, Suite 310 Trevose, PA 19053 Attn: Legal Department
Notices to Franchisee:	_____ _____ _____ _____

Notices shall be deemed to have been received as follows: by personal service – at the time of service; by overnight delivery service – on the next business day following the date on which the Notice was given to the overnight delivery service; and certified mail – 3 days after the date of mailing.

**24. ENTIRE AGREEMENT**

24.1 This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Company and Franchisee concerning the subject matter hereof and supersedes any prior agreements, and no other representations have induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Company hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Any amendment, addendum, rider, or modification to this Agreement shall be deemed a part of this Agreement and a default under such document shall also be a default under this Agreement.

24.2 Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Company made in the most recent disclosure document (including its exhibits and amendments) that Company delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions

described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

## **25. SEVERABILITY AND CONSTRUCTION**

25.1 If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such determination shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

25.2 Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination, transfer, or assignment of this Agreement (regardless of cause for termination, transfer, or assignment), shall survive such expiration, termination, transfer or assignment, including Sections 10, 16, 17, 20.3 and 26.

25.3 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Company, officers, directors, shareholders, agents, and employees of Company and such successors and assigns of Company as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

25.4 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

25.5 All captions in this Agreement are intended solely for the convenience of the parties, and no caption shall be deemed to affect the meaning or construction of any provision hereof. As used in this Agreement, the term “Franchisee” shall be deemed to include not only the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement but also all partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, members, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation or limited liability company. All partners, shareholders, members, officers, and directors of the entity that sign this Agreement as Franchisee (i) shall be deemed Owners, and (ii) acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, members, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation or limited liability company, shall execute the guarantee provision of this Agreement which is a part hereof. Reference to a “controlling” interest in an entity shall mean more than fifty (50%) of the

equity or voting control of such entity. The word “including” shall be construed to include the words “but not limited to.”

## **26. APPLICABLE LAW**

26.1 This Agreement takes effect upon its acceptance and execution by Company, and shall be interpreted and construed exclusively under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of the choice-of-law rules of such state); provided, however, that if any provision of this Agreement, including the covenants in Section 17 of this Agreement, would not be enforceable under the laws of the Commonwealth of Pennsylvania and the Shop is located outside of the Commonwealth of Pennsylvania, then that provision shall be interpreted and construed under the laws of the state in which the Shop is located. Nothing in this Section 26 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.

26.2 Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement (including claims of fraud in the inducement, claims related to the applicability or validity of this Section 26, and/or any claim that this Agreement or any of its provisions is invalid, illegal, or otherwise voidable or void), the relationship between Company and Franchisee, or Franchisee’s operation of the Shop shall be subject to the alternative dispute resolution process (“**ADR Process**”). The ADR Process shall not be required by either Company or Franchisee with respect to (a) any claim or dispute involving actual or threatened disclosure or misuse of the confidential information of Company, (b) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks, (c) any claim or dispute involving the insurance or indemnification provisions of this Agreement or (d) any action to enforce the covenants set forth in Section 17 of this Agreement.

26.3 The ADR Process under this Section 26 is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

26.3.1 The ADR Process provided for hereunder shall be commenced by a party wishing to resolve a dispute (“**Complainant**”). Complainant shall initiate negotiation proceedings by sending a certified or registered letter to the party with whom dispute resolution is sought (“**Respondent**”) setting forth the particulars of the dispute, the term(s) of this Agreement (if any) that are involved, and a proposed resolution of the dispute. Except as required to be disclosed under applicable law, all aspects of the ADR Process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever.

26.3.2 Respondent must respond within 30 days of receipt of a letter from Complainant with a written explanation and response to the proposed resolution.

26.3.3 If the dispute is not resolved through correspondence, then Complainant and Respondent shall meet at a place determined by Company on at least one occasion within 60 days of receipt of the initial letter in an attempt to resolve the dispute.

26.3.4 If Complainant and Respondent are unable to resolve the dispute within 60 days of receipt of the initial letter (or within such extended period of time as Complainant and Respondent shall agree upon in writing), either Complainant or Respondent may submit the dispute to arbitration in accordance with this Section 26. Except as set forth in Section 26.2 above, disputes and claims relating to this Agreement (including claims of fraud in the inducement and/or any claim that this Agreement or any of its provisions are invalid, illegal or otherwise void or voidable), the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation (including claims related to the applicability or validity of this Section 26), or performance of either party under this Agreement, will be submitted to arbitration at the office of the AAA closest to Company's principal place of business at the time the arbitration is initiated in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA ("**AAA Rules**"). Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended. Any dispute arising out of or in connection with this arbitration provision (including any question regarding its existence, validity, scope, or termination) shall be referred to and finally resolved by arbitration. The following shall supplement the AAA Rules and, in the event of a conflict, shall govern any dispute submitted to arbitration:

(i) Within 30 days of the later of Complainant filing the arbitration demand with the office of the AAA and Complainant sending a copy of the arbitration demand to Respondent ("**Answer Due Date**"), Respondent shall deliver to Complainant its answer and any counterclaim(s), setting out the nature of such counterclaims(s) and the relief requested. A counterclaim shall mean any claim(s) arising out of the transaction or occurrence that is the subject matter of Complainant's claim that, at the time of the Answer Due Date, Respondent has against Complainant. Any counterclaim(s) not included in the answer shall be considered waived. The parties agree that the arbitrator(s) may tender an interim ruling, including injunctive relief, and all claims of any type by either party, including counterclaims and defenses, are included in the jurisdiction of arbitration. The number of arbitrators shall be three. The arbitrators shall be selected from the AAA's large and complex case panel. Each party has 10 days from the date of mailing by the American Arbitration Association of the written list of proposed arbitrators within which to return to the American Arbitration Association the written list of proposed arbitrators with their choices of arbitrators. The arbitrator selected by Company and the arbitrator selected by Franchisee shall select the third arbitrator. Should either party fail to pay any fee due by the AAA in connection with any arbitration matter related to this Agreement (including any failure to participate in an arbitration that results in the non-payment of a fee), the other party may elect to reduce the number of arbitrators to one without the consent of the non-paying party. Should the number of arbitrators be reduced from three to one, the arbitrator shall be appointed in accordance with the AAA Rules. The parties further consent to the jurisdiction of any appropriate court to enforce the provisions of this Section and/or to confirm any award rendered by the panel of arbitrators or arbitrator.

(ii) The arbitrator(s) shall use the laws of Pennsylvania for interpretation of this Agreement. Each party shall bear its share of the costs and fees of the

arbitration in accordance with the AAA Rules. Should a party fail to pay its portion of the arbitration fees in accordance with the AAA Rules, such failure to pay shall be grounds for dismissal of the non-paying party's claims. The arbitrator(s) shall apply the Federal Rules of Evidence at the hearings. The arbitrator(s)' award shall include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator(s)' fee, attorneys' fees, interest, and costs of investigation. The arbitration hearings shall be completed within 150 days of the filing of the arbitration demand.

(iii) The arbitrator(s) shall have no authority to amend or modify the terms of this Agreement. The parties further agree that, unless such a limitation is prohibited by applicable law, the arbitrator(s) shall have no authority to award damages precluded by Section 26.7. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the parties. This Agreement to arbitrate shall survive any termination or expiration of this Agreement.

(iv) Any dispute arising out of or in connection with this arbitration provision, including any question regarding its existence, validity, scope, or termination, shall be decided by arbitration.

26.4 Any legal action or proceeding brought by any party against the other in any forum or court, whether federal or state, shall be brought only within the judicial district in which Company has its principal place of business at the time the action or proceeding is initiated. Any such action or proceeding shall be brought in federal court if federal court jurisdiction exists and, if it does not exist, then in state court. The parties agree that this Section 26.4 shall not be construed as preventing either party from removing an action from state to federal court. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any legal action or proceeding shall be conducted on an individual basis and not as part of a consolidated, common, group, representative, or class action.

**26.5 WAIVER OF JURY TRIAL: COMPANY AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO ANY CLAIM OR ACTION (INCLUDING ANY COUNTERCLAIMS OR CLAIMS OF FRAUD IN THE INDUCEMENT) WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

26.6 Except for claims arising from (i) Franchisee's non-payment of amounts owed to Company and/or its affiliates, (ii) post-termination obligations under this Agreement, or (iii) any violations of intellectual property rights, any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Company, Franchisee's or Company's actions in connection with this Agreement or Franchisee's operation of a Shop will be barred unless a judicial or arbitration proceeding is commenced by either party hereto against the other (including

actions Franchisee may bring against Company, its affiliates, officers, directors, and employees) within 24 months from the occurrence of the facts giving rise to such claim or action.

26.7 **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES:** COMPANY AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

26.8 Nothing herein contained shall bar the right of either party to obtain, without invoking the ADR Process, a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Company's or Franchisee's interests (including, but not limited to, those matters set forth in the second sentence of Section 26.2) under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

26.9 The term "Franchisee" for purposes of this arbitration clause, shall include the shareholders, owners, Guarantor(s) (defined below), principals, members, or partners of Franchisee, or any person or entity claiming by or through any of the foregoing. Franchisee specifically agrees and acknowledges that claims arising out of or relating to this Agreement in any way against or by any person or entity, whether a signatory to this Agreement or not, shall be resolved through arbitration. Franchisee specifically agrees that this Section 26 is entered into without any fraud, duress, or undue influence on the part of Company or any agent, broker, or employee thereof.

## **27. MISCELLANEOUS**

27.1 Franchisee acknowledges that it has conducted an independent investigation of the business of operating a Rita's Shop, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the ability of its principals) as (an) independent businessperson(s), his/her active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. Company expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

27.2 Franchisee acknowledges that it shall have sole and complete responsibility for the choice of the Accepted Location; that Company has not (and shall not be deemed to have, even by Company's acceptance of the site that is the Accepted Location) given any representation, promise, or guarantee of Franchisee's success at the Accepted Location; and that Franchisee shall be solely responsible for its own success at the Accepted Location. Franchisee acknowledges that (i) Franchisee and its owners are solely responsible for funding and/or financing the development, construction and operation of the Shop, (ii) Company does not offer funding or financing for Rita's Shops; and (iii) financing may be impacted by the loan history of previous and current franchisees of the System which is beyond the control of Company. Other than connecting Franchisee with



potential lenders, Company has not made any representations, promises, or guarantees regarding funding and/or financing or Franchisee's ability to obtain funding and/or financing.

27.3 Franchisee acknowledges that it received Company's current franchise disclosure document ("**FDD**") at least 14 calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the FDD, with any changes to such agreements unilaterally and materially made by Company at least 7 calendar days prior to the date on which this Agreement and all related agreements were executed.

27.4 Franchisee acknowledges that it has read and understood the FDD, this Agreement, and the exhibits to this Agreement, and that Company has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has no knowledge of any representations by Company, or anyone purporting to act on Company's behalf, that are contrary to the statements made in the FDD or contrary to the terms of this Agreement.

27.5 Except when another entity guarantees Company's obligations under this Agreement (the "**Guaranteeing Entity**") as may be provided in Company's FDD, Franchisee agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, supplier, agent, attorney or representative of Company (other than the Guaranteeing Entity, but only to the extent of the terms of the guaranty) will have any liability for (i) any of Company's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Company based on, in respect of, or by reason of, the relationship between Franchisee and Company, or (iii) any claim against Company based on any alleged unlawful act or omission of Company.

27.6 Franchisee, on behalf of itself and its current and former parents, subsidiaries, affiliates and related entities, and the respective current and former owners, members, shareholders, officers, directors, agents limited liability company members, managers, insurers, attorneys, employees, predecessors, successors and assigns of each, and on behalf of the Owners, hereby (i) forever release, acquit, and discharge Company, its parents, affiliates and related entities, and their current and former predecessors and affiliates, for each of their respective current and former officers, directors, owners, shareholders, employees, agents, representatives and attorneys, and for all of their current and former heirs, executors, administrators, personal representatives, successors, assigns, and all other person(s) acting on their behalf from any and all claims, demands and causes of action, whether known or unknown, of any kind or nature, vested or contingent, at law or in equity, arising prior to or on the Effective Date, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against Company, its parents, affiliates and related entities, and their current and former predecessors and affiliates, each of their respective current and former officers, directors, owners, shareholders, employees, agents, representatives and attorneys, and/or each of their current and former heirs, executors, administrators, personal representatives, successors, assigns, and all other persons(s) acting on their behalf, directly or indirectly, relating to any claim or demand released under this Section 27.6; provided, however, that this release and covenant not to sue shall not apply to any claim that arises under any applicable federal and state franchise laws, except to the extent that such claims may by

law be released by this Agreement. Franchisee shall take whatever actions are necessary or appropriate to carry out the terms of this release and covenant not to sue upon Company's request. This Section 27.6 shall survive the expiration or termination of this Agreement.

27.7 This Agreement may be executed and delivered, including by way of electronic signature (PDF formats included) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

**FRANCHISEE:**

**COMPANY:  
RITA'S FRANCHISE COMPANY, LLC**

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

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

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

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

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

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

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

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

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

**IF FRANCHISEE IS A CORPORATION, PARTNERSHIP, OR OTHER LEGAL ENTITY, ALL OWNERS MUST EXECUTE THE FOLLOWING:**

**GUARANTEE PROVISION**

As an inducement to Company to enter this Agreement between Company and Franchisee, the undersigned guarantor(s) (“**Guarantor(s)**”), jointly and severally, for the term of this Agreement and any extension, renewal, continuation or successor thereof, and thereafter until all of Franchisee’s obligations to Company have been satisfied, do hereby personally, absolutely, and unconditionally guarantee to Company and its successors and assigns that Franchisee shall punctually pay and perform each and every obligation, undertaking, condition, and covenant set forth in this Agreement, any amendments to this Agreement, and any renewal, extension or continuation of the rights under this Agreement. Further, Guarantor(s), individually, jointly and severally, hereby agrees to be personally bound by each and every condition and term contained in this Agreement as though Guarantor(s) had executed an agreement containing the identical terms and conditions of this Agreement (including, but not limited to, confidentiality, non-competition, and dispute resolution provisions) and any amendments, extension, or other modification to this Agreement.

Upon demand by Company, Guarantor(s) will immediately make each contribution or payment required of Franchisee under this Agreement. Guarantor(s) waives: (i) all rights to payments and claims for reimbursement or subrogation that Guarantor(s) may have against Franchisee arising as a result of Guarantor(s)’s execution of and performance under this guarantee provision, for the express purpose that no Guarantor(s) will be deemed a “creditor” of Franchisee under any applicable bankruptcy law with respect to Franchisee’s obligations to Company; (ii) all rights to require Company to proceed against Franchisee (or any guarantor) for any payment required under this Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any Guarantor(s) in seeking reimbursement or subrogation in connection with this guarantee provision or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by Company; and (iv) acceptance and notice of acceptance by Company of his, her or its undertakings under this guarantee provision, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. Company will have no present or future duty or obligation to Guarantor(s) under this guarantee provision, and Guarantor(s) waives any right to claim or assert any such duty or obligation, to discover or disclose to Guarantor(s) any information, financial or otherwise, concerning Franchisee, any other guarantor or any collateral securing any obligations of Franchisee to Company. Without affecting the obligations of Guarantor(s) under this guarantee provision, Company may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with or release all or any provisions of this Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under this Agreement, assign this Agreement or the right to receive any sum payable under this Agreement, and the undersigned each hereby jointly and severally waive notice of same and agree to be bound by any and all

amendments and changes to this Agreement. Guarantor(s) expressly acknowledges that the obligations under this guarantee provision survive the expiration or termination of this Agreement.

Guarantor(s) agrees to defend, indemnify, and hold Company harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) (“**Claims**”) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee, its officers, directors, agents, or employees to perform any obligation under this Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to in this Agreement.

Upon the death of any Guarantor(s), the estate of such individual shall be bound by this guarantee provision, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other Guarantor(s) will continue in full force and effect. Any and all notices required or permitted under this guarantee provision will be in writing and will be delivered in the manner provided under Section 23 of this Agreement.

Unless specifically stated otherwise, the terms used in this guarantee provision shall have the same meaning as in this Agreement, and shall be interpreted and construed in accordance with Section 26 of this Agreement. This guarantee provision shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania. In the event of any conflict of law, the laws of Pennsylvania shall prevail, without regard to, and without giving effect to, the application of the Commonwealth of Pennsylvania conflict of law rules. If any provision of this guarantee provision would not be enforceable under the laws of the Commonwealth of Pennsylvania and the Shop is located outside of the Commonwealth of Pennsylvania, then that provision shall be interpreted and construed under the laws of the state in which the Shop is located. Nothing in this guarantee provision is intended by the parties to subject this guarantee provision to any franchise or similar law, rule, or regulation of the Commonwealth of Pennsylvania or of any other state to which it would not otherwise be subject.

This guarantee provision may be executed and delivered, including by way of electronic signature (PDF formats included) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the undersigned has signed this guarantee provision effective the Effective Date.

**GUARANTOR(S):**

\_\_\_\_\_  
**, individually**

\_\_\_\_\_  
**, individually**

**Exhibit A**  
**to**  
**Rita's Franchise Company, LLC**  
**Franchise Agreement**

**DATA SHEET**

1. **Principal Place of Business.** Franchisee's principal place of business is located at:

2. **Designated Shop Type.** The Designated Shop Type (see Section 1.1) for the Shop is:

Standard Rita's Shop

Express Rita's Shop

3. **Designated Operating Period.** The Designated Operating Period (see Section 1.1) for the Shop is:

Year Around

Seasonal

4. **Accepted Location.**

If the Accepted Location (see Section 1.2) is known when the Franchise Agreement is signed:

The Accepted Location for the Shop shall be:

If the Accepted Location is unknown when the Franchise Agreement is signed:

The Site Selection Area for the Shop shall be (see Section 1.3):

The parties will execute the Accepted Location Addendum once Company has accepted a site as the Accepted Location proposed by Franchisee for the Shop.

- 5. **Territory.** The Territory (see Section 1.3) shall be:
  
- 6. **Initial Franchise Fee.** The initial franchise fee (see Section 4.1) shall be \$35,000.00.
  
- 7. **Minimum New Shop Marketing Program Expenditure.** If the Shop is a Standard Rita's Shop, the Minimum New Shop Marketing Program Expenditure is \$12,000. If the Shop is an Express Rita's Shop, the Minimum New Shop Marketing Program Expenditure is \$10,000. (See Section 12.4)

**FRANCHISEE:**

**COMPANY:  
RITA'S FRANCHISE COMPANY, LLC**

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

**Exhibit B**  
**to**  
**Rita's Franchise Company, LLC Franchise Agreement**

**LIST OF FRANCHISEE'S OWNERS**

All of Franchisee's (i) owners of record and all Owners of any class of voting securities or securities convertible into voting securities; and/or (ii) general and limited partners:

Name of Shareholder/Partner/Member	Domicile	State of Domicile	Interest (%) (with description)

Franchisee represents and warrants that the ownership information provided above is true and correct as of the Effective Date and that there are no documents, agreements, promises, trust arrangements, or inducements related to Franchisee's ownership that convey, grant or promise any current or future interest or rights (including but not limited to ownership interests, partnership interests, voting rights, future interests, warrants, springing interests, and/or options for an interest) in Franchisee, the Shop, or any assets of the franchised business. Franchisee acknowledges that any change in the ownership information above is subject to Section 14 and Company's prior written consent.

Designated Owner: The following identifies the Designated Owner (as defined in Section 18.1 of the Franchise Agreement):

Name and Title	Domicile	State of Domicile	Interest (%) (with description)

**FRANCHISEE:**

**COMPANY:**  
**RITA'S FRANCHISE COMPANY, LLC**

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



**Exhibit C**  
**to**  
**Rita's Franchise Company, LLC Franchise Agreement**

**AUTHORIZATION AGREEMENT FOR DIRECT DEBITS**

Name of Person or Legal Entity: \_\_\_\_\_

Shop Name: \_\_\_\_\_

Shop Number: \_\_\_\_\_

I (we) hereby authorize Rita's Franchise Company, LLC ("**Company**") to initiate debit entries to my (our) Checking or Savings account listed below, at the depository institution named below, hereinafter called DEPOSITORY, and to reverse the same to such account in the event of an error. I (we) hereby authorize Company to directly debit the above account for all product purchases, royalties, advertising obligation contributions, assessments, fines, other fees, invoices, or contributions, and any other amounts as they become due, assessed, or imposed under all franchise agreements and other agreements/arrangements (including any amendments thereto) with Company and/or Company's affiliates.

**DEPOSITORY INFORMATION:**

NAME OF BANK: \_\_\_\_\_

BRANCH: \_\_\_\_\_  
*(Location where you opened the Account)*

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

ROUTING NUMBER: \_\_\_\_\_  
*(If unknown, please contact your financial institution)*

ACCOUNT NUMBER: \_\_\_\_\_  
*(If unknown, please contact your financial institution)*

**If you are providing information for a checking account, please include a copy of a voided check so that we can verify that the numbers match your form.**

ACCOUNT TYPE *(Please Select One)*: ( ) Checking ( ) Savings

NAME(S) ON BANK ACCOUNT: \_\_\_\_\_

DATE: \_\_\_\_\_ SIGNED: \_\_\_\_\_

DATE: \_\_\_\_\_ SIGNED: \_\_\_\_\_

Reason for submitting this form:

*Please Select One*: ( ) New Shop ( ) Transfer Shop ( ) Change of Account Information

**Exhibit D**  
**to**  
**Rita's Franchise Company, LLC Franchise Agreement**  
  
**Accepted Location Addendum to**  
**Rita's Franchise Company, LLC Franchise Agreement**

THIS ADDENDUM (this "**Addendum**") made and entered into on \_\_\_\_\_, 20\_\_\_\_ (the "**Addendum Effective Date**") by and between Rita's Franchise Company, LLC a Delaware limited liability company, with its principal place of business at 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania 19053 ("**Company**"), and \_\_\_\_\_ ("**Franchisee**").

*BACKGROUND:*

A. Franchisee and Company have signed a Franchise Agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") for the development of a Rita's shop and Franchisee and Company wish to amend the Franchise Agreement to document the Accepted Location and Territory for the Shop.

B. All capitalized terms used but not otherwise defined in this Addendum shall have the meaning set forth in the Franchise Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Franchisee has selected, and Company has accepted and authorized, the following location as the Accepted Location (defined in the Franchise Agreement) for the Shop in accordance with Section 1.2 of the Franchise Agreement:

Address of Accepted Location: \_\_\_\_\_  
\_\_\_\_\_

Franchisee shall develop the Shop at the Accepted Location in accordance with the timeframes in Section 5 of the Franchise Agreement.

2. The following shall be the Territory (defined in the Franchise Agreement) for the Shop located at the Accepted Location as designated in accordance with Section 5.2 of the Franchise Agreement:

Territory: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. This Addendum may be executed and delivered, including by way of electronic signature (PDF formats included) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Addendum as of the Addendum Effective Date.

**FRANCHISEE:**

**COMPANY:**

**RITA'S FRANCHISE COMPANY, LLC**

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

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

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

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

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

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

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

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

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

**Exhibit E**  
**to**  
**Rita's Franchise Company, LLC Franchise Agreement**

**LEASE RIDER**

**THIS RIDER** (this "Rider") is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and among **RITA'S FRANCHISE COMPANY, LLC**, a Delaware limited liability company ("**Company**"), \_\_\_\_\_ ("**Franchisee**") and \_\_\_\_\_ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein (the "**Lease**") dated as of \_\_\_\_\_, 20\_\_\_ for the premises located at \_\_\_\_\_, in the State/Commonwealth of \_\_\_\_\_ (the "**Premises**").

WHEREAS, Franchisee has also entered (or will also enter) into a Franchise Agreement (the "**Franchise Agreement**") with Company for the development and operation of a Rita's shop at the Premises, and as a condition to obtaining Company's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and commitments contained herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Premises may be used solely for the operation of a Rita's shop. Franchisee, as the tenant under the Lease, shall have the right to display and use the "Rita's" proprietary marks and signs in the manner required by Company.

2. Landlord agrees to deliver to Company a copy of any notice of default or termination of the Lease and all correspondence between Landlord and Franchisee related to any such default at the same time such notice is delivered to Franchisee. Landlord agrees to notify Company in writing of and upon failure of Franchisee to cure any default by Franchisee under the Lease.

3. Any default under the Lease shall also constitute a default under the Franchise Agreement, and any default under the Franchise Agreement shall also constitute a default under the Lease.

4. Franchisee assigns to Company, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or expiration without renewal of the Franchise Agreement, but no such assignment shall be effective unless and until: (a) the Franchise Agreement is terminated or expires without renewal; and (b) Company exercises its option under the Franchise Agreement and this Rider to assume Franchisee's interest under the Lease by notifying Franchisee and Landlord in writing that Company assumes Franchisee's obligations under the Lease.

5. Company shall have the right, but not the obligation, to cure any breach of the Lease upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder. Such cure period shall be extended for an additional: (a) 15 days in the event of a monetary default and (b) 30 days in the event of a non-monetary default (or such longer period as may be reasonably necessary provided Company commences a cure within

such 30-day period and diligently pursues the cure thereafter), after the expiration of the time in which Franchisee may cure a default pursuant to the terms of the Lease.

6. Franchisee and Landlord agree that they will not modify, amend, supplement, and/or extend, nor (in the case of Franchisee) assign the Lease rights, without Company's prior written consent. Franchisee shall not amend or assign the Lease or renew or extend the terms thereof without the prior written consent of Company.

7. Franchisee and Landlord acknowledge and agree that Company shall have no liability or obligation whatsoever under the Lease unless and until Company gives written notice to Landlord that Company assumes the Lease in accordance with this Rider. The parties also agree that by signing this Rider, Company has not guaranteed Franchisee's obligations to Landlord. Company, along with its successors and assigns, is an intended third-party beneficiary of the provisions of this Rider.

8. If Company assumes the Lease, as provided above, Company may, without Landlord's prior consent, further assign the Lease to another franchisee of Company to operate a Rita's shop at the Premises provided that the proposed franchisee has met all of Company's applicable criteria and requirements and has executed a franchise agreement with Company. Landlord and Franchisee agree to execute such further documentation to confirm Landlord's consent to the assignment permitted under this Rider as Company may reasonably request for that purpose. Upon such assignment to a franchisee of Company, Company shall be released from any further liability under the terms and conditions of the Lease.

9. Landlord and Franchisee acknowledge that Franchisee has agreed under the Franchise Agreement that Company and its employees or agents have the right to enter the Premises for certain purposes. Landlord agrees not to interfere with or prevent such entry by Company, its employees, or agents. Landlord and Franchisee further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, then Franchisee has an obligation under the Franchise Agreement to take certain steps to properly de-identify the Premises as a Rita's shop (unless Company takes an assignment of the lease, as provided above). Landlord agrees to cooperate fully with Company in enforcing such obligations under the Franchise Agreement against Franchisee, including permitting Company, its employees or agent, to enter the Premises and remove any signs (both interior and exterior), décor and/or any other materials displaying any marks, designs, slogans and/or logos associated with Company. As between Company and Landlord, Company shall bear all costs and expenses of such de-identification activities in the event Company undertakes such work and shall repair any damage to the Premises caused as a result of such entry and de-identification. Franchisee acknowledges that, under the Franchise Agreement, if Franchisee fails to de-identify the Premises, Franchisee has agreed to pay to Company upon demand Company's then-current fee and expenses incurred for de-identifying the Premises.

10. If Landlord is an affiliate or an owner of Franchisee, Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Company the Lease shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Rita's shop is located.

11. Landlord and Franchisee agree that the terms in this Rider shall supersede any terms to the contrary set forth in the Lease.

12. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Rider, or under the Lease, shall also be sent to Company at 1210 Northbrook Drive, Suite 310,

Trevese, PA 19053 (attention Legal Department), or to such other address as Company may specify by giving written notice to Landlord.

13. This Rider may be executed and delivered, including by way of electronic signature (PDF formats included) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

WITNESS the execution hereof under seal.

**LANDLORD:**

**FRANCHISEE:**

**COMPANY:**

**RITA'S FRANCHISE COMPANY, LLC**

By:

By:

By:

Name:

Name:

Name:

Title:

Title:

Title:

**Exhibit F**  
**to**  
**Rita’s Franchise Company, LLC Franchise Agreement**

**ADA CERTIFICATION**

RITA’S FRANCHISE COMPANY, LLC (“**Company**”) and \_\_\_\_\_ (“**Franchisee**”) are parties to a franchise agreement dated \_\_\_\_\_ for the operation of a Rita’s shop at \_\_\_\_\_ (the “**Shop**”). In accordance with Section 5.7 of the Franchise Agreement, Franchisee certifies to Company that, to the best of Franchisee’s knowledge, the Shop and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Company does not constitute ownership, control, leasing, or operation of the Shop. Franchisee acknowledges that Company has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Company and the officers, directors, and employees of Company in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

**FRANCHISEE:**

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

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

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

**Exhibit G**  
**to**  
**Rita's Franchise Company, LLC Franchise Agreement**

**STATE ADDENDA**



**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

The following Addendum modifies and supersedes the attached Rita’s Franchise Company, LLC Franchise Agreement (the “**Franchise Agreement**”) with respect to the Rita’s shops offered or sold to either a resident of the state of California or a non-resident who will be operating a Rita’s Shop in the state of California:

1. The following language is added at the end of Section 5.3 of the Franchise Agreement.

Franchisee must execute and cause its landlord to execute Company’s then-current form of Lease Rider prior to, or concurrent with, the execution of a lease/sublease for the operation of its Rita’s Shop. The current form of Lease Rider is attached as Exhibit E to this Franchise Agreement. Franchisee will be bound by the terms of the Lease Rider.

2. The following language is added to Section 14 of the Franchise Agreement:

Notwithstanding Section 14.3 of this Agreement, only a notice which is written and delivered to Company by business courier or by receipted mail which includes all of the following information required by the California Franchise Relations Act will be accepted for purposes of this Section 14:

- i. The proposed transferee’s name and address;
- ii. A copy of all agreements related to the sale, assignment, or transfer of this Agreement, the assets of the franchised business, or the interest in the franchised business; and
- iii. The proposed transferee’s application for approval to become the successor franchisee. (The application must include all forms, financial disclosure, and related information generally utilized by Company in reviewing prospective new franchisees, if those forms are readily made available to Franchisee. If the forms are not readily available, Franchisee must request and Company must deliver, the forms to Franchisee.)

As soon as practicable after the receipt of the proposed transferee’s application, Company will notify, in writing, Franchisee and the proposed transferee of any additional information or documentation necessary to complete the transfer application.

3. The following language is added to the end of Section 15.3 of the Franchise Agreement:

15.3.7. Notwithstanding any other provisions listed above, for defaults under this Section 15.3, Franchisee will have sixty (60) days from the delivery of such notice within which to cure the default of this Agreement. If Franchisee believes it cannot reasonably cure a default while exercising diligent efforts within sixty (60) days, if Franchisee notifies Company of its conclusion within fifteen (15) days after receiving notice of default, and if Company delivers notice to Franchisee that it concurs in Franchisee's conclusion within thirty (30) days from the delivery of the notice of default, then Franchisee will have an additional fifteen (15) days within which to fully cure that default. If all defaults identified in the notice are timely cured, this Agreement will not be terminated absent a subsequent or previously undiscovered default that results in a subsequent notice.

4. Section 16.10 of the Franchise Agreement is deleted and is replaced with the following provisions:

16.10 If at any time Company reasonably believes that Franchisee is in default of any obligation arising under this Agreement, or if Franchisee has failed to comply with any conditions of renewal specified in this Agreement, in addition to any other remedies available under this Agreement or at law or in equity, Company may purchase the assets of Franchisee's business for their depreciated value on the date of the notice.

16.10.1. The date on which the purchase shall occur ("**Closing Date**") will be the day before the effective date of the termination or expiration as specified in the notice, or on such other date agreed upon by the parties. Company will not exercise this option unless it or its assignee can acquire the right to operate a business from the Rita's Shop following the Closing Date. Company will only purchase assets, including leasehold interests, that are delivered to Company on the Closing Date and, in the case of assets that are rented or leased, assets to which the renter or lessor has approved the transfer to Company or its assignee on no more onerous terms than those under which the asset was rented or leased to Franchisee.

16.10.2 The value of this Agreement will be the depreciated value of the Initial Franchise Fee or, if applicable, the depreciated value of the renewal fee paid by Franchisee as established by the depreciation schedule set forth in the Manuals. Payments for the assets due from Company will exclude all amounts Franchisee and its affiliates owe to Company and its affiliates, all amounts owed to other creditors which have not been paid by the Closing Date, any unpaid taxes, and any attorneys' fees incurred by Company or its affiliates in resolving or defending any disputes or claims arising out of the purchase of the assets. The purchase price will be reduced to the extent that any asset is damaged or unusable. Franchisee agrees that Company may also off set against the purchase price any fees or other payments that would have been due to Company during the remainder of the term of this Agreement.

16.10.3 With respect to any contracts or lease, Franchisee must provide a list (including written copies, if applicable) of all such contracts or commitments and a statement of whether they are assignable. In addition, Franchisee must provide Company with Franchisee's tax returns and financial statements for the past three (3) years; good standing certificates; a description of any litigation, pending claims, governmental actions, or disputes; and a description of any liens, encumbrances, and/or mortgages. The purchase agreement related to the transaction will convey all of the purchased assets in good working order, free and clear of any liens, encumbrances, mortgages, pledges, covenants, and restrictions, and will provide for customary representations and warranties, covenants, indemnities, escrow and/or holdbacks of the purchase price.

16.10.4 If Franchisee has failed to provide the reports pertaining to its assets that are required by this Section 16.10, or if Franchisee fails to provide Company or its assignee with evidence of clear title to each of the assets used in the operation of its Rita's Shop, Company or its assignee may assume control of all of the assets on the termination date established by the notice of default delivered pursuant to Section 15 or on the expiration date, and may defer making any payments to Franchisee until Franchisee has provided Company or its designee with all of the information specified in this Section 16.10 and the Manuals. Company may hold back or escrow any portion of the purchase price it believes is needed to protect against claims arising out of Franchisee's operation of the Rita's Shop. At closing, the parties will execute an asset purchase agreement which will contain typical warranties, representations, and schedules normally associated with the sale of substantially all of the assets of a business. Company and Franchisee will each be liable for their own attorneys' and other professionals' fees associated with the transaction.

5. The following language is added to the end of Section 2.2 of the Franchise Agreement:

2.2.10 Franchisee's failure to request renewal as specified in this Agreement will be deemed a rejection of Company's offer of renewal, which will cause this Agreement to expire at the end of the Initial Term.

6. Section 26.1 of the Franchise Agreement shall be amended by adding the following language:

**THIS SECTION SHALL NOT APPLY TO CLAIMS ARISING UNDER SECTIONS 31300 THROUGH 31306 OF THE CALIFORNIA FRANCHISE INVESTMENT LAW, ALL OF WHICH SHALL BE GOVERNED BY APPLICABLE STATE STATUTES. THIS PROVISION DOES NOT LIMIT FRANCHISEE'S RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.**

7. The following is added to the Guarantee Provisions attached to the Franchise Agreement:

Each guarantor agrees to indemnify and defend Company against any and all claims, including attorneys' fees and costs, arising out of Company's efforts to purchase Franchisee's assets as the parties have agreed in Section 16.10 of this Agreement. To the extent that any court or arbitrator determines that a higher purchase price is due to Franchisee based upon a formula that differs from the one established in this Agreement, the Guarantors agree to pay Company the difference between the agreed purchase price and the higher price upon receipt of a demand for payment from

*California*

Company. Company will not be required to purchase Franchisee's assets if the purchase price determined by a third party exceeds the price that Company is willing or able to pay for the assets.

8. The following is added to the end of the Lease Rider:

IF FRANCHISEE AND THE LANDLORD OF THE RITA'S SHOP HAVE AGREED TO LANGUAGE WHICH RESTRICTS FRANCHISEE'S USE OF THE SHOP FOLLOWING THE TERMINATION, NONRENEWAL, OR ASSIGNMENT OF THE FRANCHISE AGREEMENT, THE AGREEMENT TO SUCH FURTHER USE OF THE SHOP IS FRANCHISEE'S INDEPENDENT DECISION. FRANCHISEE AGREES THAT IT SHALL NOT MAINTAIN ANY ACTION IN WHICH IT ALLEGES THAT COMPANY'S APPROVAL OF THE LEASE SHOULD BE INTERPRETED AS COMPANY'S HAVING PREVENTED FRANCHISEE FROM RETAINING CONTROL OF THE SHOP OR THE PRINCIPAL PLACE OF FRANCHISEE'S FRANCHISED BUSINESS.

9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this California Amendment to the Franchise Agreement simultaneous with the execution of the Franchise Agreement on the date indicated below.

**COMPANY:**  
**RITA'S FRANCHISE COMPANY, LLC**

**FRANCHISEE:**

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

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

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

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

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

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

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the attached Rita’s Franchise Company, LLC Franchise Agreement (the “**Franchise Agreement**”) hereby agree as follows:

1. Section 2 of the Franchise Agreement, under the heading “Term and Renewal,” shall be supplemented by the addition of the following language after the last sentence in the Section:

If any of the provisions of this Section 2 concerning non-renewal are inconsistent with the provisions of Section 20 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 20 of the Act shall apply.

2. Section 15 of the Franchise Agreement, under the heading “Default and Termination,” shall be amended by adding the following language after Section 15.6:

15.7 If any of the provisions of this Section 15 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply.

3. Section 26 of the Franchise Agreement, under the heading “Applicable Law,” shall be amended by adding the following language at the end of the Section:

Illinois law, however, will apply to all claims arising under the Illinois Franchise Disclosure Act of 1987.

4. Section 26.6 of the Franchise Agreement is amended to provide that:

Pursuant to Section 27, Periods of Limitation, of the Act, any and all claims and actions arising out of or relating to the relationship of Company and Franchisee, operation of the Franchised Business or any agreements executed in connection therewith, brought by you against us, shall be commenced at the earlier of 3 years from the occurrence of the act or transaction giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Amendment.

*Illinois*

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement simultaneous with the execution of the Franchise Agreement on the date indicated below.

**COMPANY**  
**RITA'S FRANCHISE COMPANY, LLC**

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

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

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

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the parties to the attached Rita’s Franchise Company, LLC Franchise Agreement (the “**Franchise Agreement**”) agree as follows:

1. Section 1.3 of the Franchise Agreement is amended by adding the following language after Section 1.3.5:

Company is required by this Agreement to agree not to compete unfairly with Franchisee within Franchisee’s Territory. To the extent required by Indiana Code Sections 23-2-2.7-1(2) and 23-2-2.7-2(4), Company shall not operate a business which is substantially identical to the Franchised Business within Franchisee’s Territory regardless of trade name.

2. Section 2.2.4 and Section 27.6 of the Franchise Agreement is amended by adding the following language:

To the extent required by Indiana Code Section 23-2-2.7-1(5) no general release executed pursuant to this Section shall be deemed a release, assignment, novation, waiver, or estoppel which purports, or is intended to relieve Company from any liability imposed by the Indiana Deceptive Franchise Practices Act.

3. Section 2 of the Franchise Agreement is amended by adding the following provision:

2.4 Company will not refuse to renew this Agreement without good cause.

4. Section 15 of the Franchise Agreement, under the heading “Default and Termination,” shall be amended by adding the following provision after Section 15.6:

15.7 Indiana Law provides that unilateral termination of this Agreement must be for good cause. Good cause includes, among other things, any material violation of this Agreement.

5. Section 17 of the Franchise Agreement, under the heading “Covenants,” shall be amended by adding the following provision at the end of the Sections 17.3 and 17.4:

To the extent required by either the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, the covenants not to compete are limited to Franchisee’s Territory.

6. Section 20 of the Franchise Agreement, under the heading “Independent Contractor and Indemnification,” shall be amended by the addition of the following language to the end of the section:

To the extent required by Indiana Code Section 23-2-2.7-2(10), Franchisee shall not be obligated to indemnify Company as provided herein for any liability caused

**Indiana**

by Franchisee’s reasonable and proper reliance on or use of procedures and materials provided by Company or arising out of Company’s negligence.

7. Section 26.1 of the Franchise Agreement, entitled “Applicable Law,” shall be amended by adding the following language at the end of the Section:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, Indiana law shall be applied in construing this Agreement. To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee who operates a franchised office in Indiana may require, at the franchisee’s option, that litigation concerning such franchise take place in Indiana.

8. Section 26.3.4 of the Franchise Agreement is amended by adding the following language at the end of the Section:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee who operates a franchised office in Indiana may require, at the franchisee’s option, that arbitration concerning such franchise take place in Indiana.

9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practice Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Indiana Amendment to the Franchise Agreement simultaneous with the execution of the Franchise Agreement on the date indicated below.

**COMPANY:**  
**RITA’S FRANCHISE COMPANY, LLC**

**FRANCHISEE:**

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

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

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

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

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

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



**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Rita’s Franchise Company, LLC Franchise Agreement (“**Franchise Agreement**”) agree as follows:

1. Section 2.2.4 of the Franchise Agreement is supplemented to include the following:

Provided that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Maryland Franchise Registration and Disclosure Law shall remain in force; it being the intent of this proviso that the non-waiver provisions of the Law be satisfied. To that effect the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 14.3.3 of the Franchise Agreement is supplemented to include the following:

Provided that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Maryland Franchise Registration and Disclosure Law shall remain in force; it being the intent of this proviso that the non-waiver provisions of the Law be satisfied. To that effect the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 26.1 of the Franchise Agreement is supplemented by the following:

Maryland franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 26.6 of the Franchise Agreement is supplemented by the following:

Notwithstanding the above, any claim Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years of the execution of this Agreement.

5. Section 26 of the Franchise Agreement is supplemented by the following:

The foregoing acknowledgments shall not be construed as a waiver or release by Franchisee of any claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement simultaneous with the execution of the Franchise Agreement on the date indicated below.

**COMPANY:**  
**RITA'S FRANCHISE COMPANY, LLC**

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

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

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

**AMENDMENT TO RITA'S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Rita's Franchise Company, LLC Franchise Agreement ("**Franchise Agreement**") agree as follows:

1. Section 14.3.3 of the Franchise Agreement shall be supplemented by the following:

Notwithstanding the above, such release will not apply to claims as you may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

2. Section 15 of the Franchise Agreement shall be supplemented by adding the following as Section 15.7:

Insofar as the Franchise Agreement is governed by the State of Minnesota, Company shall comply with Minn. Stat. § 80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that Company give Franchisee 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

3. Section 26.6 of the Franchise Agreement shall be supplemented by the following:

Notwithstanding the above, any claim Franchisee may have under the Minnesota Franchise Act must be brought within 3 years of the execution of this Agreement.

4. Section 27 of the Franchise Agreement shall be supplemented by adding the following sections:

27.7 The general release language contained in this Agreement shall not relieve Company or any other person, directly or indirectly, from liability imposed by Minn. Stat. §§ 80C.01 through 80C.22.

27.8 Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit Company from requiring litigation to be conducted outside Minnesota. Nothing in the FDD (as defined in this Agreement) or this Agreement can abrogate or reduce any of Franchisee's rights 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.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Act, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement simultaneous with the execution of the Franchise Agreement on the date indicated below.

**COMPANY**  
**RITA'S FRANCHISE COMPANY, LLC**

**FRANCHISEE**

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

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

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

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

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

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

**AMENDMENT TO RITA'S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Rita's Franchise Company, LLC Franchise Agreement (the "**Franchise Agreement**") agree as follows:

1. Paragraph 9.4 of the Franchise Agreement is supplemented by the addition of the following language, which shall be considered an integral part of the Franchise Agreement:

No changes to the Manuals will be made which would impose an unreasonable economic burden on Franchisee or unreasonably increase its obligations.

2. Paragraph 14.1 of the Franchise Agreement is supplemented by the addition of the following language, which shall be considered an integral part of the Franchise Agreement:

In the event of such an assignment, Company will ascertain that its assignee, in Company's reasonable judgment, possesses the economic resources to fulfill Company's obligations to its franchisees.

3. Paragraph 14.3.3 of the Franchise Agreement with respect to the general release shall be supplemented to include the following language, which shall be considered an integral part of the Franchise Agreement:

Provided that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the GBL of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of Sections 687.4 and 687.5 of New York's GBL be satisfied.

4. Paragraph 26.1 of the Franchise Agreement shall be supplemented to include the following language, which shall be considered an integral part of the Franchise Agreement:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the General Business Law of New York State, Sections 680-695, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this New York Amendment to the Franchise Agreement simultaneous with the execution of the Franchise Agreement on the date indicated below.

**COMPANY:**  
**RITA'S FRANCHISE COMPANY, LLC**

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

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

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

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Rita’s Franchise Company, LLC Franchise Agreement (the “**Franchise Agreement**”) agree as follows:

1. The following section shall be added at the end of Section 26 of the Franchise Agreement:

26.10 Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Rhode Island Amendment to the Franchise Agreement simultaneous with the execution of the Franchise Agreement on the date indicated below.

**COMPANY:**  
**RITA’S FRANCHISE COMPANY, LLC**

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT B TO  
FRANCHISE DISCLOSURE DOCUMENT**

**RITA'S SATELLITE SHOP ADDENDUM**





**RITA'S FRANCHISE COMPANY, LLC  
SATELLITE ADDENDUM**

THIS RITA'S FRANCHISE COMPANY, LLC SATELLITE ADDENDUM (the "**Satellite Addendum**") is made and entered into on \_\_\_\_\_ (the "**Satellite Effective Date**") by and between **RITA'S FRANCHISE COMPANY, LLC** ("**Company**") and \_\_\_\_\_, a [resident of] [corporation organized under the laws of] [limited liability company organized under the laws of] \_\_\_\_\_ ("**Franchisee**").

**BACKGROUND**

A. Company and Franchisee have entered into (or are entering into on the Satellite Effective Date) the Rita's Franchise Company, LLC Franchise Agreement dated \_\_\_\_\_, as amended (the "**Franchise Agreement**") between Company and Franchisee for the operation of the Rita's shop located at \_\_\_\_\_ (the "**Shop**").

B. Company has developed special, fixed location Rita's satellite stores that do not manufacture Products onsite and are (i) decorated to meet Company's specifications (including the use of the Proprietary Marks) and (ii) sell approved menu items for Rita's satellite shops ("**Satellite Menu Items**") utilizing the Products and Company's formulas and methods for preparing the Products.

C. Franchisee desires to operate a Rita's satellite shop in the Territory (the "**Satellite Shop**") under the System and Proprietary Marks, and Company is willing to permit such operations of the Satellite Shop pursuant to the terms and conditions set forth in the Franchise Agreement and this Satellite Addendum.

D. Any other capitalized terms used in this Satellite Addendum and not otherwise defined will have the meaning given to those terms in the Franchise Agreement.

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

**1. REFERENCES IN THE AGREEMENT.**

1.1 Unless otherwise set forth in this Satellite Addendum, whenever reference is made in the Franchise Agreement or Manuals to the Shop or the business franchised under that Franchise Agreement, those terms are amended to include the Satellite Shop that Franchisee is licensed to operate under this Satellite Addendum.

1.2 Whenever reference is made in the Franchise Agreement or Manuals to the "Premises" of the Shop or the franchised business, that term is amended to also include the Satellite

Shop, the areas surrounding the Satellite Shop, and any storage area that Franchisee uses in connection with operation of the Satellite Shop.

## **2. INITIAL FEES AND COMPUTATION OF ROYALTY FEE.**

2.1 In consideration of the rights and license granted herein, Franchisee has paid Company a satellite shop initial franchisee fee of \$15,000 (the “**Satellite Fee**”) upon execution of this Satellite Addendum. The Satellite Fee is fully earned by Company upon execution and delivery of this Satellite Addendum by Company and is not refundable under any circumstances.

2.2 Franchisee shall maintain separated books and records for the operation of the Satellite Shop. For purposes of calculation and satisfying the obligations under the Franchise Agreement for the Yield Based Royalty, Non-Yield Based Royalty and Advertising Obligation related to the operation of the Satellite Shop, the Product purchases and Gross Sales for the Satellite Shop shall be included in the Product purchases and Gross Sales for the Shop.

## **3. GRANT OF RIGHT TO OPERATE SATELLITE SHOP.**

3.1 Company grants Franchisee the right to operate one Satellite Shop under the Proprietary Marks and System in the Territory. Franchisee must not operate the Satellite Shop outside the Territory. Except for the Territory granted to the Shop in the Franchise Agreement, Franchisee acknowledges that this Satellite Addendum does not grant or imply any protected area or territory for the Satellite Shop. Franchisee’s right to operate the Satellite Shop (pursuant to this Satellite Addendum) is dependent on the Shop remaining open and operational. Any closure of the Shop, temporary or permanent, will cease Franchisee’s right to operate the Satellite Shop.

3.2 Rita’s satellite shops are prohibited from having a batch machine or similar equipment like Rita’s standard shops. If Franchisee desires to prepare Products at the Satellite Shop using a batch machine or similar equipment, Franchisee may request that Company convert the Satellite Shop to a Rita’s standard shop. If Company agrees to convert the Satellite Shop into a Rita’s standard shop, Franchisee shall (i) pay Company the difference between the then-current initial franchise fee for a Rita’s standard shop and the Satellite Fee, (ii) execute Company’s then-current franchise agreement for a Rita’s standard shop in accordance with Company’s procedures, and (iii) complete any renovations or upgrades required by Company to convert the Satellite Shop into a Rita’s standard shop.

3.3 For the Satellite Shop, all Products must be prepared at the Shop. Franchisee shall comply with the System Operating Standards, specifications, rules, process and procedures established by Company for Rita’s satellite shops as set forth in the Manuals or otherwise in writing, including, without limitation, (i) procedures for preparing, maintaining, transporting and serving Products, (ii) required equipment used for the transportation of Products, (iii) training requirements for the required supervisor for the Satellite Shop, and (iv) the Satellite Menu Items that may be offered at the Satellite Shop.

3.4 Franchisee shall operate the Satellite Shop only at \_\_\_\_\_ (the “**Accepted Satellite Location**”). If, at the time of

executing this Satellite Addendum, a location for the Satellite Shop has not been accepted by Company as the Accepted Satellite Location, the blank in the previous sentence will say “To Be Determined” and Franchisee shall look for proposed locations for the Satellite Shop in the Territory and obtain Company's acceptance for an Accepted Satellite Location for the Satellite Shop in accordance with Section 5 of the Franchise Agreement (except there will be no territory for the Satellite). For purposes of locating the Accepted Satellite Location and constructing the Satellite Shop, all references to the Accepted Location in Section 5 of the Franchise Agreement shall include the Accepted Satellite Location and all references to the Shop in Section 5 of the Franchise Agreement shall include the Satellite Shop. Franchisee acknowledges that Company reserves the right, in Company's sole discretion, to deny acceptance of a proposed location for the Satellite Shop if the Company deems such proposed location too close to the boundaries of the Territory and/or too close to another Rita shop. The timeframe for Franchisee to obtain an Accepted Satellite Location, construct the Satellite Shop and open the Satellite Shop shall be the periods set forth in Section 5 of the Franchise Agreement but modified with the Satellite Effective Date as the starting date instead of the Effective Date.

3.5 Franchisee must obtain insurance to cover the Satellite Shop, and such insurance must comply with the insurance requirements in the Manuals and Franchise Agreement (including providing Company certificates of insurance).

3.6 Company may, as Company deems advisable, inspect the Satellite Shop and all terms of the Franchise Agreement related to inspection of the Shop apply to the Satellite Shop.

3.7 At any time, Company may require Franchisee to upgrade the Satellite Shop and/or any equipment associated with the Satellite Shop. Financial responsibility for the costs, fees and expenses associated with any upgrade of the Satellite Shop and/or its equipment shall be borne solely by Franchisee.

4. **TERM.** Except as otherwise provided herein, the term of this Satellite Addendum begins on the Effective Date and expires upon the expiration of the current term of the Franchise Agreement (the “**Satellite Term**”). If Franchisee wishes to renew its ability to operate a Satellite Shop when it renews the right to operate the Shop after the current term of the Franchise Agreement expires, Franchisee must make a written request to Company, simultaneously with giving notice relating to renewal of the of the right to operate the Shop under Section 2.2.1 of the Franchise Agreement. In the event that (i) Franchisee complies with all the terms in Section 2.2 of the Franchise Agreement and (ii) Company grants Franchisee the right to renew the right to operate the Shop, Company may, at Company’s option and sole discretion, agree to grant Franchisee the right to renew the right to operate the Satellite Shop provided that, at a minimum, Franchisee satisfies the renewal criteria in Sections 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.2.7, and 2.2.8 of the Franchise Agreement as they apply to the Satellite Shop and this Satellite Addendum. Further, in connection with any renewal under this Section, (a) Franchisee and its Owners (and their spouses) shall execute the then-current form of satellite addendum offered by Company, which shall supersede this Satellite Addendum in all respects, and the terms of which may differ from the terms of this Satellite Addendum (including, without limitation, requirements to pay a higher royalty fee and/or Advertising Obligation, and pay a royalty fee calculated in a different manner), and (b) Franchisee shall pay Company a renewal fee in an amount equal to 50% of

Company's then-current initial franchise fee for Rita's satellite shops. Franchisee's failure to deliver the executed renewal satellite addendum and release within 30 days after Company delivers them to Franchisee for execution may be deemed, in the sole discretion of Company, an election by Franchisee not to renew.

## **5. COMMENCEMENT OF OPERATIONS OF SATELLITE SHOP.**

5.1 Franchisee must commence operations of the Satellite Shop within 12 months after the Satellite Effective Date ("**Required Opening Date**"). Franchisee's failure to open the Satellite Shop on or prior to the Required Opening Date shall be considered a default under this Satellite Addendum and the Franchise Agreement and such default will entitle Company to terminate this Satellite Addendum; provided, however, if this Satellite Addendum is terminated solely because of Franchisee's failure to commence operating the Satellite Shop, Company shall not have the right to terminate the Franchise Agreement for such default.

5.2 In addition to the Minimum Grand Opening Marketing Expenditure required under the Franchise Agreement for the Shop, Franchisee must spend a minimum of \$10,000 on Grand Opening for the Satellite Shop in accordance with the Grand Opening requirements in the Franchise Agreement and such amount must be deposited with Company, in accordance with the terms of the Franchise Agreement, prior to the opening of the Satellite Shop.

**6. SALE OR TRANSFER.** Upon any transfer of the Franchise Agreement the rights under this Satellite Addendum will also be transferred. A transfer of any direct or indirect interest in this Satellite Addendum, in Franchisee, in the Satellite Shop, or any or in all or substantially all of the assets of the Satellite Shop shall be made only (i) with the prior written approval of Company in accordance with the terms and conditions of the Franchise Agreement, (ii) in conjunction with a simultaneous transfer of all comparable interests held by the transferor under the Franchise Agreement and/or in the Shop, and (iii) in compliance with all of the terms and conditions for transfer contained in the Franchise Agreement. In connection with any approved transfer under the Franchise Agreement and/or in the Shop, the transferee shall (a) execute Company's then-current form of satellite addendum (along with the Company's then-current form of franchise agreement for the Shop) which shall supersede this Satellite Addendum in all respects, and (b) pay to Company a transfer fee of 50% of Company's then-current initial franchise fee for the satellites. Because experience operating a Rita's shop is necessary before operating a Rita's satellite shop, Franchisee acknowledges that it shall be reasonable for Company to withhold consent for a transferee to commence operating the Satellite Shop for a period between 90 and 365 days from the date of at transfer, as determined by Company in Company's discretion.

**7. DEFAULT.** Any default under the Franchise Agreement shall constitute a default under this Satellite Addendum, and any default under this Satellite Addendum shall constitute a default under the Franchise Agreement. In the event of a default by Franchisee with respect to the operation of the Satellite Shop, Company may, in its sole discretion, either: (a) terminate only this Satellite Addendum and Franchisee's rights hereunder; or (b) terminate both this Satellite Addendum and the Franchise Agreement, and Franchisee's rights thereunder. This Satellite Addendum is an addendum to the Franchise Agreement and, as such, any termination of the Franchise Agreement will terminate this Satellite Addendum and the right to operate the Satellite

Shop. The default and termination provisions in Section 15 of the Franchise Agreement apply to Franchisee's operation of the Satellite Shop under the terms of this Satellite Addendum. Upon termination or expiration of this Satellite Addendum, Franchisee shall comply with the obligations in Section 16 of the Franchise Agreement, including the obligations in Sections 16.9 and 6.10 related to the Operating Assets of the Satellite Shop and Section 16.1 in the event of any termination of this Satellite Addendum or abandonment of the Satellite (as such Section of the Franchise Agreement applies to the Satellite Shop and this Satellite Addendum).

8. **ACKNOWLEDGEMENT.** By executing this Satellite Addendum, Company and Franchisee each confirm the Franchise Agreement, as amended by this Satellite Addendum, and reaffirm their respective obligations under that Franchise Agreement (as it is amended by this Satellite Addendum) and incorporate the terms of this Satellite Addendum into the Franchise Agreement. Franchisee acknowledges that it received Company's current franchise disclosure document ("**FDD**") at least 14 calendar days prior to the date on which this Satellite Addendum was executed. Franchisee further acknowledges that it received a completed copy of this Satellite, and all related agreements attached to the FDD, with any changes to such agreements unilaterally and materially made by Company at least 7 calendar days prior to the date on which this Satellite Addendum and all related agreements were executed. Although Franchisee has been provided with the FDD for informational purposes, the parties acknowledge that the rights granted under this Addendum are an extension of the rights granted under the Franchise Agreement and not the grant of an additional franchise. The parties agree that except as specifically described above, the provisions of this Satellite Addendum are in addition to, and not in lieu of, the provisions of the Franchise Agreement. Franchisee agrees to comply with all provisions of the Manuals or any written directives of Company having specific applicability to the operation of the Satellite Shop. Except as otherwise provided in this Satellite Addendum, all other terms set forth in the Franchise Agreement shall remain in full force and effect. This Satellite Addendum may be executed and delivered, including by way of electronic signature (PDF formats included) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*(Remainder of this page intentionally left blank; signature page follows.)*

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered on the Satellite Effective Date this Satellite Addendum to the Franchise Agreement.

**FRANCHISEE**

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

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

**COMPANY**

RITA'S FRANCHISE COMPANY, LLC

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

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

**EXHIBIT C TO  
FRANCHISE DISCLOSURE DOCUMENT**

**RITA'S MOBILE UNIT ADDENDUM**



**RITA'S FRANCHISE COMPANY, LLC  
MOBILE ADDENDUM**

THIS RITA'S FRANCHISE COMPANY, LLC MOBILE ADDENDUM (the "**Mobile Addendum**") is made and entered into on \_\_\_\_\_ (the "**Mobile Effective Date**") by and between **RITA'S FRANCHISE COMPANY, LLC** ("**Company**") and \_\_\_\_\_, a [resident of] [corporation organized under the laws of] [limited liability company organized under the laws of] \_\_\_\_\_ ("**Franchisee**").

**BACKGROUND**

A. Company and Franchisee have entered into (or are entering into on the Mobile Effective Date) the Rita's Franchise Company, LLC Franchise Agreement dated \_\_\_\_\_, as amended (the "**Franchise Agreement**") for the operation of the Rita's shop located at \_\_\_\_\_ (the "**Shop**").

B. Company has developed a number of special, freestanding mobile units (including mobile carts, stationary carts, kiosks, trailers, and vans) which (i) are decorated to meet Company's specifications and (ii) offer approved Menu Items for mobile units ("**Mobile Menu Items**") utilizing the Products and Company's formulas and methods for preparing the Products.

C. Franchisee desires to operate a Rita's mobile unit ("**Mobile Unit**") to conduct Mobile Events (defined below) under the System and Proprietary Marks, and Company is willing to permit such operations of the Mobile Unit pursuant to the terms and conditions set forth in the Franchise Agreement and in this Mobile Addendum.

D. Any other capitalized terms used in this Mobile Addendum and not otherwise defined will have the meaning given to those terms in the Franchise Agreement.

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

**1. REFERENCES IN THE FRANCHISE AGREEMENT.** Whenever reference is made in the Franchise Agreement or Manuals to the "Shop" or any other reference to the business franchised under that Franchise Agreement, those terms are amended to include the Mobile Unit that Franchisee is authorized to operate under this Mobile Addendum; provided, however, nothing in the Franchise Agreement shall authorize Franchisee to operate the Mobile Unit contrary to this Mobile Addendum and the Manuals.

**2. GRANT OF RIGHT TO OPERATE MOBILE UNIT.**

2.1 By executing this Mobile Addendum, Company grants Franchisee the right to



operate one Mobile Unit to conduct Mobile Events under the Proprietary Marks and System. The Mobile Unit may be a kiosk, trailer or truck that (i) satisfies Company's specification and (ii) has been purchased from a supplier designated by Company. Company must approve the plans and design of the Mobile Unit purchased from a supplier designated by Company. Franchisee may not make any modifications to the Mobile Unit without Company's prior written approval. Franchisee's right to operate the Mobile Unit (pursuant to this Mobile Addendum) is dependent on the Shop remaining open and operational. Any closure of the Shop, temporary or permanent, will cease Franchisee's right to operate the Mobile Unit.

2.2 Franchisee's Mobile Unit may engage in approved off-premises special events, activities, or sales, including specialty parties, festivals, and business events (each, a "**Mobile Event**") in the Territory in accordance with the terms of this Mobile Addendum. A Mobile Event is any event where there are multiple customers that pay individually for Mobile Menu Items sold at the event site. The definition of a Mobile Event may be further defined and refined in the Manual. The Mobile Unit cannot be used for Catering Activities unless Franchisee has complied with the standard procedures for conducting a Mobile Event (including the Mobile Event Request approval process).

2.3 Franchisee acknowledges that this Mobile Addendum does not grant or imply any protected area or territory for the Mobile Unit.

2.4 For the Mobile Unit, all Products must be prepared at the Shop. Franchisee shall comply with the System Operating Standards, specifications, rules, process and procedures established by Company for Rita's mobile units as set forth in the Manuals or otherwise in writing, including (i) procedures for preparing, maintaining, transporting and serving Products, (ii) required equipment used for the transportation of Products, (iii) training requirements for a required supervisor for all Mobile Events, and (iv) the Mobile Menu Items that may be offered at Rita's Mobile Events. In the event that Franchisee is in default of the Franchise Agreement and/or the Shop is in not in operational compliance with the Franchise Agreement, System Operating Standards and/or Manuals, Company shall have the right to terminate this Mobile Addendum or Company may suspend approving Mobile Events for Franchisee's Mobile Unit.

2.5 Franchisee must obtain insurance to cover the Mobile Unit and Franchisee's operations under this Mobile Addendum, and such insurance must comply with the insurance requirements in the Manuals and Franchise Agreement (including providing Company certificates of insurance).

2.6 Franchisee shall obtain all required health, sanitation, business, and other permits and licenses for the lawful operation of the Mobile Unit to engage in Mobile Events.

2.7 Company may, as Company deems advisable, inspect the Mobile Unit and all terms of the Franchise Agreement related to inspection of the Shop apply to the Mobile Unit.

2.8 At any time, Company may require Franchisee to upgrade the Mobile Unit and/or any equipment associated with the Mobile Unit. Financial responsibility for the costs, fees and

expenses associated with any upgrade of the Mobile Unit and/or its equipment shall be borne solely by Franchisee.

**3. TERM.** Except as otherwise provided herein, the term of this Mobile Addendum begins on the Mobile Effective Date and expires upon the expiration of the current term of the Franchise Agreement (the “**Mobile Term**”). If Franchisee wishes to renew its ability to operate the Mobile Unit when it renews the right to operate the Shop after the current term of the Franchise Agreement expires, Franchisee must make a written request to Company simultaneously with giving notice relating to renewing the right to operate the Shop under Section 2.2.1 of the Franchise Agreement. In the event that (i) Franchisee complies with all the terms in Section 2.2 of the Franchise Agreement, and (ii) Company grants Franchisee the right to renew the right to operate the Shop, Company may, at Company’s option and sole discretion, agree to grant Franchisee the right to renew the right to operate the Mobile Unit provided that, at a minimum, Franchisee satisfies the renewal criteria in Sections 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, and 2.2.7 of the Franchise Agreement as they apply to the Mobile Unit and this Mobile Addendum. Further, in connection with any renewal under this Section, Franchisee and its Owners (and their spouses) shall execute the then-current form of mobile addendum offered by Company, which shall supersede this Mobile Addendum in all respects, and the terms of which may differ from the terms of this Mobile Addendum. Franchisee’s failure to deliver the executed renewal mobile addendum and release within 30 days after Company delivers them to Franchisee for execution may be deemed, in the sole discretion of Company, an election by Franchisee not to renew. Notwithstanding the foregoing, every ten years from the Mobile Effective Date, Franchisee shall pay Company a mobile license renewal fee in the amount of \$500.

#### **4. INITIAL FEES AND COMPUTATION OF ROYALTY FEE.**

4.1 In consideration of the rights and license granted herein, Franchisee shall pay Company a mobile unit initial franchisee fee of \$10,000 (the “**Mobile Fee**”) upon execution of this Mobile Addendum. The Mobile Fee is fully earned by Company upon execution and delivery of this Mobile Addendum by Company and is not refundable under any circumstances. The Mobile Fee provides for the operation of one Mobile Unit. The right to operate one Mobile Unit remains in effect only during the Mobile Term.

4.2 Franchisee shall maintain separated books and records for the operation of the Mobile Unit. For purposes of calculation and satisfying the obligations under the Franchise Agreement for the Yield Based Royalty, Non-Yield Based Royalty and Advertising Obligation related to the operation of the Mobile Unit, the Product purchases and Gross Sales for the Mobile Unit shall be included in the Product purchases and Gross Sales for the Shop.

#### **5. COMMENCEMENT OF OPERATIONS OF MOBILE UNIT.**

5.1 Franchisee must commence operations of the Mobile Unit within 3 months after the commencement of operations of the Shop (or within 3 months of the Mobile Effective Date if the Shop is open as of the Mobile Effective Date) (the “**Required Commencement Date**”). Franchisee’s failure to purchase the Mobile Unit and commence operations of such Mobile Unit on or prior to the Required Commencement Date shall be considered a material default under this Mobile Addendum and the Franchise Agreement, and such default will entitle Company to

terminate this Mobile Addendum; provided, however, if this Mobile Addendum is terminated solely because of Franchisee's failure to commence operating the Mobile Unit, Company shall not have the right to terminate the Franchise Agreement for such default. Company reserves the right to delay or suspend the Mobile Unit operations if the Shop or any other Rita's shops owned by Franchisee or Franchisee's affiliates are in default under their agreements with Company.

5.2 Franchisee may not use the Mobile Unit at any event site (including Mobile Events and Catering Activities) unless Franchisee has submitted through the CoolNet (or such other means designated by Company) a request for approval ("**Mobile Event Request**") describing (a) the proposed event, event site, and date(s) of operation, and (b) such other information designated or requested by Company. All Mobile Event Requests must be submitted at least 7 days prior to the proposed date of the event (or, as discussed below, at least 14 days prior to the proposed date of the event if the event site is in the territory of another System franchisee). Company shall have no obligation to consider a Mobile Event Request unless it is a Mobile Event in the Territory. In the event that a proposed event site is within the territory of another System franchisee, Franchisee must (i) seek the written consent of such System franchisee prior to submitting a Mobile Event Request, (ii) submit a Mobile Event Request at least 14 days prior to the proposed date of the event, and (iii) submit with the Mobile Event Request any terms of the consent agreement (e.g. profit sharing, transport arrangements) with such System franchisee. Company has the right, in its sole discretion, to make the final determination on Mobile Event Requests within or outside of the Territory (including inside the territory of another System franchisee).

5.3 Franchisee shall not use the Mobile Unit at any event site until Company has provided written approval of a Mobile Event Request. In the event that Franchisee uses the Mobile Unit at any event site without obtaining Company's written approval, such action is a default under this Mobile Addendum and the Franchise Agreement and grounds for immediate termination of this Mobile Addendum and the Franchise Agreement.

6. **SALE OR TRANSFER.** Upon any transfer of the Franchise Agreement the rights under this Mobile Addendum will also be transferred. A transfer of any direct or indirect interest in this Mobile Addendum, in Franchisee, in the Mobile Unit, or any or in all or substantially all of the assets of the Mobile Unit shall be made only (i) with the prior written approval of Company in accordance with the terms and conditions of the Franchise Agreement, (ii) in conjunction with a simultaneous transfer of all comparable interests held by the transferor under the Franchise Agreement and/or in the Shop, and (iii) in compliance with all of the terms and conditions for transfer contained in the Franchise Agreement. In connection with any approved transfer under the Franchise Agreement and/or in the Shop, the transferee shall execute Company's then-current form of mobile addendum (along with the Company's then-current form of franchise agreement for the Shop) which shall supersede this Mobile Addendum in all respects. Because experience operating a Rita's shop is necessary before operating a Rita's mobile unit, Franchisee acknowledges that it shall be reasonable for Company to withhold consent for a transferee to commence operating the Mobile Unit for a period between 90 and 365 days from the date of the transfer, as determined by Company in Company's discretion.

7. **DEFAULT.** Any default under the Franchise Agreement shall constitute a default under this Mobile Addendum, and any default under this Mobile Addendum shall constitute a default

under the Franchise Agreement. In the event of a default by Franchisee with respect to the operation of the Mobile Unit, Company may, in its sole discretion, either: (a) terminate only this Mobile Addendum and Franchisee's rights hereunder; or (b) subject to Section 5.1 of this Mobile Addendum, terminate both this Mobile Addendum and the Franchise Agreement, and Franchisee's rights thereunder. This Mobile Addendum is an addendum to the Franchise Agreement and, as such, any termination of the Franchise Agreement will terminate this Mobile Addendum and the right to operate the Mobile Unit. The default and termination provisions in Section 15 of the Franchise Agreement apply to Franchisee's operation of the Mobile Unit under the terms of this Mobile Addendum. Upon termination or expiration of this Mobile Addendum, Franchisee shall comply with the obligations in Section 16 of the Franchise Agreement, including the obligations in Section 16.10 related to the Mobile Unit.

**8. ACKNOWLEDGEMENT.** By executing this Mobile Addendum, Company and Franchisee each confirm the Franchise Agreement, as amended by this Mobile Addendum, and reaffirm their respective obligations under the Franchise Agreement (as it is amended by this Mobile Addendum) and incorporate the terms of this Mobile Addendum into the Franchise Agreement. Franchisee acknowledges that it received Company's current franchise disclosure document ("**FDD**") at least 14 calendar days prior to the date on which this Mobile Addendum was executed. Franchisee further acknowledges that it received a completed copy of this Mobile Addendum, and all related agreements attached to the FDD, with any changes to such agreements unilaterally and materially made by Company at least 7 calendar days prior to the date on which this Mobile Addendum and all related agreements were executed. Although Franchisee has been provided with the FDD for informational purposes, the parties acknowledge that the rights granted under this Addendum are an extension of the rights granted under the Franchise Agreement and not the grant of an additional franchise. The parties agree that except as specifically described above, the provisions of this Mobile Addendum are in addition to, and not in lieu of, the provisions of the Franchise Agreement. Franchisee agrees to comply with all provisions of the Manuals or any written directives of Company having specific applicability to the operation of the Mobile Unit. Except as otherwise provided in this Mobile Addendum, all other terms set forth in the Franchise Agreement shall remain in full force and effect. This Mobile Addendum may be executed and delivered, including by way of electronic signature (PDF formats included) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*(Remainder of this page intentionally left blank; signature page follows.)*

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered on the Mobile Effective Date this Mobile Addendum to the Franchise Agreement.

**FRANCHISEE:**

\_\_\_\_\_

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

\_\_\_\_\_

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

**COMPANY:**

**RITA'S FRANCHISE COMPANY, LLC**

\_\_\_\_\_

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

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

**EXHIBIT D TO  
FRANCHISE DISCLOSURE DOCUMENT**

**RITA'S DEVELOPMENT AGREEMENT**



**RITA'S FRANCHISE COMPANY, LLC**  
**DEVELOPMENT AGREEMENT**

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## DEVELOPMENT AGREEMENT

**THIS RITA'S FRANCHISE COMPANY, LLC DEVELOPMENT AGREEMENT** (the "**Agreement**"), is made and entered into on \_\_\_\_\_ (the "**Effective Date**"), by and between **RITA'S FRANCHISE COMPANY, LLC**, a Delaware limited liability company, with its principal place of business at 1210 Northbrook Drive, Suite 310, Trevoise, Pennsylvania 19053 ("**Company**") and \_\_\_\_\_, a [resident of] [corporation organized under the laws of] [limited liability company organized under the laws of] \_\_\_\_\_ ("**Developer**").

### BACKGROUND:

A. Company and its predecessors and affiliates, as the result of the expenditure of time, skill, effort and money, have developed a distinctive system (the "**System**") relating to the establishment and operation of retail frozen dessert businesses ("**Rita's Shops**"), which (i) operate at retail shops that display Company's interior and exterior trade dress, (ii) are engaged in the sale of Company's proprietary products including Italian ice, frozen custard, frozen desserts and drinks, toppings, frozen novelties, and other food and beverages items, as well as proprietary gift products and a limited selection of complementary and compatible products, including non-proprietary gift products, approved by Company (collectively, the "**Menu Items**") and (iii) operate under the Proprietary Marks (as defined below).

B. The Menu Items consist of (i) items made with Company's proprietary products and Company's proprietary products that are ready to be resold to customers (collectively, the "**Rita's Products**"); and (ii) a limited selection of items made with Company-approved complementary and compatible products and Company-approved complementary and compatible products ready to be resold to customers (collectively, the "**Non-Proprietary Products**").

C. The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color schemes, fixtures and furnishings; standards and specifications for products, equipment, materials and supplies; uniform standards, specifications and procedures for operations; procedures for inventory and management control; training and assistance; proprietary equipment; and marketing and promotional programs; all of which may be changed, improved, and further developed by Company from time to time.

D. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin as are now designated and may hereafter be designated by Company in writing for use in connection with the System including the mark "RITA'S ICE-CUSTARD-HAPPINESS" and other marks (the "**Proprietary Marks**").

E. Company operates and licenses others to operate various forms of Rita's Shops offering both full and limited assortments of the Menu Items.

F. Developer desires to obtain certain development rights for the development of Rita's Shops that will, in general, offer a full assortment of Menu Items ("**Shops**") and other

assistance provided by Company in connection therewith. Each of the Shops will operate under a Franchise Agreement (as defined in Section 1.1 below) for a 10-year term, unless a shorter term is approved by Company.

**NOW THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, agree as follows:

## **1. GRANT**

1.1 Subject to the provisions and conditions of this Agreement, Company grants to Developer the non-exclusive right, and Developer undertakes the obligation to (a) enter into separate signed Franchise Agreements with Company (the “**Franchise Agreements**”), as provided in Section 3.5 below, for a specified number of Shops as set forth in Exhibit A to this Agreement (the “**Development Schedule**”) which will operate at specific locations (i) designated in the Franchise Agreement and (ii) located in the “**Development Search Area**” described in Exhibit B to this Agreement; and (b) to use the Proprietary Marks and System solely in connection therewith. Rita’s Shops are either year around shops that operate all year (“**Year Around**”) or seasonal shops that operate during a period designated by Company (“**Seasonal**”). Exhibit A designates whether the Shops that Developer will develop under this Agreement are Year Around or Seasonal. Developer and, as approved by Company, franchisee entities, in which Developer owns a controlling interest, shall have the right to execute Franchise Agreements with Company for Shops to be developed under this Agreement. Failure by Developer to adhere to the Development Schedule shall constitute a default under this Agreement. Each Shop to be developed hereunder shall be established and operated pursuant to a separate Franchise Agreement to be entered into between Developer and Company. For purposes of this Agreement, “**Products**” means the Menu Items, Rita’s Products and Non-Proprietary Products.

1.2 By granting Developer rights to develop certain Shops, Company is not promising that other Rita’s Shops will not be developed within the Development Search Area, and Company and its affiliates retain the rights, among others, on any terms and conditions Company deems advisable, and without granting Developer any rights therein:

1.2.1 To establish and operate, and license other parties to establish and operate, Rita’s Shops and other types of locations (including, without limitation, mobile carts, stationary carts, and kiosks) under the System and Proprietary Marks in the Development Search Area at any existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, temporary events, and any similar outlets as Company and/or Company’s affiliates determine (collectively, “**Institutional Facilities**”), in its or their sole discretion;

1.2.2 To use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Rita's Shops at any location within or outside of the Development Search Area;

1.2.3 Within and outside the Development Search Area, and notwithstanding any other provision hereof, to acquire, be acquired by, merge with or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks;

1.2.4 To give, donate or contribute to charitable and community organizations and events for fundraising and other events and use the Products for promotions and product demonstrations in the Development Search Area, and to offer Products for sampling by consumers and organizations for product testing, promotions and demonstrations in the Development Search Area;

1.2.5 To own, acquire, establish and/or operate and license others to establish and operate, businesses under the Proprietary Marks, at any location within or outside the Development Search Area but which do not operate under the System and are not operating retail frozen dessert businesses (this provision in no way limits the other rights reserved under Section 1.2.1); and

1.2.6 To, themselves or through licensees or designees, sell or distribute products, including the Products, under the Proprietary Marks in the Development Search Area in such manner and through other channels of distribution (other than Rita's Shops) as Company, in its sole discretion, determines, including, but not limited to, retail outlets (including supermarkets, markets, machines, groceries, mom & pops, gourmet shops, convenience stores, food carts, warehouse clubs, drug stores and book stores), catering services, electronic distributions via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks), catalogs, direct mail, toll-free numbers, and other communications methods now or hereafter devised of any nature. This Agreement does not grant Developer any rights to distribute the Products through such alternative channels of distribution or to share in the proceeds received by any authorized party from such sale

1.3 This Agreement is not a Franchise Agreement and does not grant to Developer any right to use the Proprietary Marks or the System or to sell or distribute any Products.

1.4 Developer shall have no right under this Agreement to franchise or subfranchise others to use the Proprietary Marks or the System, or to sell, assign or otherwise transfer any portion of Developer's interest in the Development Search Area or its development rights under this Agreement.

## **2. TERM**

This Agreement shall be in effect upon its acceptance and execution by Company and shall expire upon commencement of operations of the final Shop established pursuant to this Agreement, unless this Agreement is sooner terminated as provided herein.

### **3. DEVELOPMENT OBLIGATIONS**

3.1 Recognizing that time is of the essence, Developer shall comply strictly with the Development Schedule. Developer acknowledges and agrees that the Development Schedule requires that Developer (a) execute and deliver Franchise Agreements for a cumulative number of Shops and (b) open a cumulative number of Shops within the time periods specified. If Developer fails, by the respective dates set forth in the Development Schedule or during the term of this Agreement, to (i) execute the Franchise Agreement(s) required in the Development Schedule, (ii) have open and operating the minimum cumulative number of Shops required in the Development Schedule, (iii) thereafter to develop, open and operate each respective Shop in accordance with the terms of the Franchise Agreement or (iv) thereafter maintain in operation the cumulative number of open and operating shops within the Development Search Area as required in the Development Schedule, then Developer shall be in material default of this Agreement, and Company shall have the right to all remedies described in Section 6 hereof.

3.2 Developer agrees to locate and submit specific sites for Shops. Developer shall submit to Company a site evaluation package (“**SEP**”), in a form prescribed by Company, identifying each proposed site and describing the site characteristics, current site layout, general proposed layout for the Shop at the site, relevant demographics for the site and cost factors concerning the site. Company shall have the right to require that Developer simultaneously submit SEPs for up to three proposed sites. Company shall have 30 days after receipt of a SEP from Developer to accept or reject each proposed site for each Shop. Developer must obtain written acceptance by Company of each proposed site, which will be in the form of a “**Site Acceptance Notice**.” Developer shall execute a lease/sublease that complies with the requirements set forth in Section 3.3 or a binding agreement to purchase each site within 60 days of acceptance of each site by Company. After Developer executes a lease/sublease or a binding purchase agreement for each site, Company will deliver to Developer a Franchise Agreement for execution, which shall be the form of Franchise Agreement determined in accordance with Section 3.5 below. Company will deliver each Franchise Agreement to Developer once Company has complied with any necessary franchise registration or disclosure laws. Within 10 days after Company delivers each Franchise Agreement to Developer, Developer must (a) sign and deliver to Company two copies of such Franchise Agreement (together with any ancillary agreements required by the Franchise Agreement) and a receipt for Company’s then-current Franchise Disclosure Document (“**FDD**”) and (b) pay Company the applicable initial franchise fee as required therein and consistent with Section 4 of this Agreement. Once Company has received the signed Franchise Agreement, the initial franchise fee and all ancillary items it requires in satisfactory form, Company will countersign the Franchise Agreement and return one fully signed copy to Developer. Developer understands that any obligation or liability Developer incurs with respect to the proposed Shop or site before Company has approved it in writing and sent Developer the countersigned Franchise Agreement is at Developer’s sole risk, and will be Developer’s sole responsibility. Developer shall comply with Company’s then-current franchising policies and procedures for execution of each Franchise Agreement (including signing a receipt for Company’s then-current FDD). Company shall be under no obligation to execute a Franchise Agreement unless Developer has complied in a timely manner with all of the terms and conditions of this Agreement and has satisfied all requirements set forth herein to the execution of the Franchise Agreement. If any Franchise Agreement contemplated by this Agreement is

executed by Company, it shall supersede this Agreement and govern the relationship between the parties hereto with respect to the Shop that is the subject matter of such Franchise Agreement.

3.3 If Developer will occupy the premises from which the Shop is operated under a lease or sublease, Developer shall, prior to the execution of the lease/sublease, submit the lease/sublease to Company for its review to ensure that the lease/sublease includes Company's Lease Rider or contains the conditions set forth in Company's Lease Rider which may include, but are not limited to:

(i) That the initial term of the lease, or the initial term together with renewal terms, shall be for 10 years, unless otherwise approved in writing by Company;

(ii) That the lessor consents to Developer's use of such Proprietary Marks and initial signage as Company may prescribe for the Shop;

(iii) That the use of the premises be restricted solely to the operation of the Shop;

(iv) That the lessor provides to Company copies of any and all notices of default given to Developer under the lease/sublease;

(v) That upon termination or expiration of the applicable Franchise Agreement, Company has the right, at Company's option, to assume (or have another franchisee operating under the System assume) Developer's interest under the lease/sublease without the lessor's consent;

(vi) That Company has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement; and

(vii) That at Company's request, the lessor provide to Company all sales information that has been provided to lessor by Developer.

3.4 Developer hereby acknowledges and agrees that acceptance by Company of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Shop or for any other purpose. Acceptance by Company of the site indicates only that Company believes the site complies with acceptable minimum criteria established by Company solely for its purposes as of the time of the evaluation. Both Developer and Company acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to acceptance by Company of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Company could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Company. Company shall not be responsible for the failure of a site approved by Company to meet Developer's expectations as to revenue or operational criteria. Developer further acknowledges and agrees that its acceptance of a franchise for the operation of a Shop at the site is based on its own independent investigation of the suitability of the site.

3.5 The Franchise Agreement for the first Shop developed hereunder shall be in the form of the Franchise Agreement attached to the FDD provided to the Developer and referenced in Exhibit C. The Franchise Agreement for each additional Shop developed hereunder shall be Company's then-current form of Franchise Agreement.

3.6 For each Shop required to be developed under the Development Schedule, Developer must demonstrate to Company its financial ability to open and operate the Shop and must complete the pre-opening requirements set forth in the then-current Franchise Agreement.

3.7 Developer shall not be responsible for non-performance or delay in performance occasioned by causes beyond its control including, acts of civil or military authority, failure of civil or military authorities to act, strikes, acts of terrorism, lockouts, embargoes, insurrections, or Acts of God. If any delay occurs, any applicable time period hereunder shall be automatically extended for a period equal to the time lost; provided, however, that Developer shall make reasonable efforts to correct the reason for such delay and give Company prompt written notice of any such delay.

#### **4. FRANCHISE FEES FOR SHOP DEVELOPMENT**

4.1 In consideration of the development rights granted herein, Developer shall pay to Company the following initial franchise fees for each Shop to be developed, as set forth in the Development Schedule in the following manner:

4.1.1 The initial franchise fees for each Shop to be developed under this Agreement shall be in the amounts and paid as follows:

First shop	\$35,000
Second shop	\$20,000
Third and additional shop(s)	\$15,000

4.2 Upon execution of this Agreement, Developer shall pay a development fee ("**Development Fee**") equal to the initial franchise fee for the first Shop and the initial franchise fee for each additional Shop that Developer must develop in order to comply with the Development Schedule, the aggregate amount of which is specified on Exhibit A. Developer acknowledges and agrees that the foregoing amount is earned and nonrefundable in consideration of administrative and other expenses incurred by Company even if Developer does not enter into Franchise Agreements for any Shop.

4.3 As to each Shop to be established in the Development Search Area under the Development Schedule, Company will credit the portion of the Development Fee that Developer paid for such Shop toward payment of the initial franchise fee (which amounts are set forth above) that is due for such Shop; provided, however, Developer shall be in full compliance with this Agreement and all Franchise Agreements and any other agreement with Company at the time Developer signs each Franchise Agreement.

## **5. DUTIES OF THE PARTIES**

5.1 Company shall furnish to Developer the following:

5.1.1 Such limited site selection assistance as Company may deem advisable;  
and

5.1.2 Such on-site evaluation as Company deems advisable following its review of the SEP as part of its evaluation of Developer's request for site acceptance. Company shall not be obligated to conduct on-site evaluation and shall not provide on-site evaluation for any proposed site prior to Company's receipt of the SEP and all required information and materials. If on-site evaluation is deemed appropriate by Company, Company shall conduct on-site evaluations at no charge to Developer; provided, however, if Company is unable to complete a scheduled on-site evaluation as the result of any action or inaction of Developer, Developer shall reimburse Company for Company's reasonable expenses, including the costs of travel, lodging, wages and meals.

5.2 Developer shall adopt a fiscal year as specified by Company. Developer shall at Developer's expense, submit to Company in the form prescribed by Company, true and complete copies of the following reports, financial statements and other data:

5.2.1 Within 90 days after the end of each fiscal year of Developer, financial statements prepared and reviewed by an independent certified public accountant, showing the results of operations, including the balance sheet, income statement, and statement of cash flow prepared in accordance with generally accepted accounting principles recognized in the United States as consistently applied ("**Generally Accepted Accounting Principles**" or "**GAAP**") (and, for each, the supporting notes) for Developer;

5.2.2 Within 90 days after the end of each quarter of Developer's fiscal year, financial statements including balance sheets and income statements for such owners of Developer as specified by Company;

5.2.3 Within 30 days after their filing, Developer's federal tax return for each year during the term of this Agreement; and

5.2.4 Such other forms, reports, records, information, and data as Company may reasonably designate.

## **6. DEFAULT AND TERMINATION**

6.1 Developer shall be in default under this Agreement, and all rights granted to Developer herein shall automatically terminate without notice to Developer, if Developer shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer; if Developer is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent



jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); if Developer is dissolved; if execution is levied against Developer's business or property; if suit to foreclose any lien or mortgage against any asset of Developer or Developer's Shops is instituted against Developer and not dismissed within 30 days; or if the real or personal property of Developer or of Developer's Shops shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 Upon the occurrence of any of the following events of default or upon any breach of any of the covenants listed in Section 8 of this Agreement, Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon the provision of notice to Developer (in the manner provided under Section 9 of this Agreement):

6.2.1 If the Franchise Agreement for any Shop operated by Developer (or a person or entity affiliated with Developer) is terminated; and/or

6.2.2 If Developer or any of its owners of a beneficial interest in Developer commits, is convicted of, pleads guilty or "nolo contendere" to a felony (or misdemeanor punishable by imprisonment for more than one year), a crime involving sexual groping, assault/battery involving sexual touching, a crime involving moral turpitude, or any other act, crime or offense that Company believes is injurious to the System, the Proprietary Marks, the Products, Company or the goodwill associated therewith.

6.3 Except as otherwise provided in Sections 6.1 and 6.2, above, if Developer fails to comply with any material term and condition of this Agreement or fails to comply with the terms and conditions of any Franchise Agreement or development agreement between Developer (or a person or entity affiliated with or controlled by Developer) and Company, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Company may, at its option, terminate this Agreement by giving written notice of termination, stating the nature of such default to Developer at least 30 days prior to the effective date of termination; provided, however, that Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Company's satisfaction, and by promptly providing proof thereof to Company within the specified time period. If any such default is not cured within the specified time or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including the right to develop new Shops) shall terminate without further notice to Developer effective immediately upon the expiration of the specified time period or such longer period as applicable law may require.

6.4 Upon termination or expiration of this Agreement, all rights granted hereunder to Developer shall terminate and Developer shall have no right to establish or operate any Shop for which a Franchise Agreement has not been executed by Company at the time of termination.

6.5 No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, except to the extent that any default under this Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement.

6.6 No right or remedy herein conferred upon Company is exclusive of any other right or remedy provided or permitted by law or equity.

6.7 If Developer fails to cure a default within any applicable notice period, or if this Agreement is terminated as a result of Developer's default, Developer shall pay to Company all damages, costs and expenses, including late fees, collection fees, interest at 1.5% per month or the highest permissible rate, reasonable investigation and attorneys' fees incurred by Company as a result of any such default or termination. All such interest, damages, costs, and expenses may be included in and form part of the judgment awarded to Company in any proceedings brought by Company against Developer.

## **7. TRANSFER OF INTEREST**

7.1 This Agreement is personal in nature and entered into in reliance upon and in consideration of the skill, qualifications and representations of, and trust and confidence reposed in Developer and/or Developer's owners. Therefore, neither Developer, nor any individual, partnership, corporation, limited liability company or other legal entity that directly or indirectly owns any interest in Developer or in the assets of Developer's businesses, shall sell, assign, transfer, divide, convey, give away, pledge, mortgage, dispose of or otherwise encumber ("**Transfer**") (i) any direct or indirect interest in this Agreement or Developer (including any direct or indirect interest in a corporate or partnership Developer) or (ii) any of its obligations, duties, rights or privileges under this Agreement under any circumstances. None of Developer's owners as of the Effective Date may Transfer (by sale, transfer, assignment or otherwise disposition) their ownership interests in Developer under any circumstances as long as this Agreement is in effect. Any such transaction will be void and of no effect and will constitute a breach of this Agreement.

7.2 Upon the death or incapacity of any person with an interest in this Agreement or in Developer, the executor, administrator or personal representative of such person shall Transfer by an assignment of such interest approved by Company within 6 months after such death or incapacity. Such assignments, including assignments by devise or inheritance, shall be subject to the conditions set forth by Company similar to those required in connection with a transfer under Company's then-current form of Franchise Agreement at the time of the assignment(s). In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions allowed under this Section 7.2, the executor, administrator or personal representative of the decedent shall transfer the decedent's interest to another party approved by Company within 6 months of Company providing notice to the executor, administrator or personal representative that the heirs or beneficiaries do not meet the conditions, which disposition shall be subject to all the terms and conditions for transfers contained in Company's then-current form of Franchise Agreement at the time of the Transfer. If the interest is not disposed of within such 6-month period, such failure shall be a default under this Agreement and Company may terminate this Agreement.

7.3 Provided Developer demonstrates to Company that it (i) is, and will remain, the legal and beneficial owner of a majority of the stock of an assignee corporation and (ii) shall act as the principal officer of the corporation, Company shall allow Developer to incorporate and Transfer by an assignment (after execution of documentation prepared by Company) of its rights

to a corporation organized expressly for the purpose of fulfilling the terms of this Agreement without the payment of any assignment fee or outstanding promissory note. However, Developer and all other shareholders must personally guaranty to Company the performance of the duties and responsibilities of the assignee corporate Developer, including the payment of any fees.

7.4 The rights, duties and obligations under this Agreement may be assigned, transferred, divided, conveyed, pledged, encumbered, merged or given away by Company and will inure to the benefit of Company's successors and assigns. Company will provide Developer with written notice of any such assignment, transfer, division, conveyance, pledge, encumbrance, merger or grant and the assignee will be required to fully perform Company's obligations under this Agreement.

## **8. COVENANTS**

8.1 Unless otherwise specified, the term "Developer" as used in this Section 8 shall include, collectively and individually, Developer as defined in Section 18. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable, specialized training and confidential information, including information regarding site selection, operational, sales, promotional, and marketing methods and techniques of Company and the System. A "**Competitive Business**" means any business with 10% or more of its actual or intended Gross Sales (as defined in the Franchise Agreement) in any month from Italian ice, custard, ice cream, sorbet, frozen yogurt and/or other frozen dessert items.

8.2 Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Company, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

8.2.1 Divert or attempt to divert any present or prospective business or customer of any shop under the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Company (or any of its affiliates), the Products, the Proprietary Marks or the System;

8.2.2 Employ or seek to employ any person who is at that time employed by Company, or otherwise encourage such person to leave his or her employment; or

8.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in (as owner or otherwise) any Competitive Business; provided, however, this provision shall not apply to the operation by Developer of any business under the System with a Franchise Agreement with Company. Furthermore, Developer acknowledges and agrees that Developer shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 6 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Developer (or, if Developer is other than an individual, the immediate family of an owner that is subject to these covenants) engages in a Competitive Business that would violate this Section 8.2.3 if such person was subject to the covenants of this Section 8.

8.3 Developer covenants that, except as otherwise approved in writing by Company, Developer shall not, for a continuous uninterrupted period of 2 years commencing upon the date of: (a) a permitted Transfer under the Development Agreement; (b) expiration of the Development Agreement; (c) termination of the Development Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located in the Development Search Area, within a five-mile radius of the Development Search Area or within a three-mile radius of any Rita's Shop operating under the System; provided, however, that this provision shall not apply to the operation by Developer of any business under the System under a franchise with Company. Should there be a change in the law which would render this Section 8.3 inoperative, then the parties authorize any judge to make any and all changes to ensure that the restraints for both time and geography are within the scope of the law.

8.4 Sections 8.2.3 and 8.3 shall not apply to ownership by Developer of a less than 1% beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934. The parties intend to be bound by Section 8.2.3 and 8.3. Should there be a change in the law which would render Sections 8.2.3 and 8.3 inoperative, then the parties authorized any judge to make any and all changes to ensure that the restraints for both time and geography are within the scope of the law.

8.5 Developer shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, corporation or limited liability company, any confidential information, knowledge or know-how, which may be communicated to Developer or of which Developer may be apprised, by virtue of Developer's operation under the terms of this Agreement. Developer shall divulge such confidential information only to such of its employees as must have access to the confidential information in connection with their employment. Any and all information, knowledge, know-how, techniques and other data which Company's designates as confidential shall be deemed confidential for purposes of this Agreement; provided, however, "confidential information" shall not include information which Developer can demonstrate came to its attention prior to disclosure thereof by Company, or which, at or after the time of disclosure by Company to Developer, had become or later becomes part of the public domain through publication or communication by others.

8.6 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. Section 8.2 and Section 8.3 shall be independent covenants. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8. Developer understands and acknowledges that Company shall have the right to reduce the scope

of any of Developer's obligations under Sections 8.2 and 8.3, and that such modified provision shall be effective upon Developer's receipt of written notice thereof.

8.7 Developer expressly agrees that the existence of any claims it may have against Company, whether or not arising from the Development Agreement, shall not constitute a defense to the enforcement by Company of the covenants in this Section 8; provided, however, any claims Developer may have against Company may be brought in a separate proceeding. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Company in connection with the enforcement of this Section 8.

8.8 At the request of Company, Developer shall obtain and furnish to Company executed covenants similar in substance to those set forth in of this Section 8 (including covenants applicable upon the termination of a person's relationship with Developer) from any or all of the following persons: (a) all officers, directors and holders of a beneficial interest of 1% or more of the securities of Developer, and of any corporation directly or indirectly controlling, controlled by, or under common control with, Developer, if Developer is a corporation; and (b) the general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of 1% or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Developer is a partnership. Every covenant required by of this Section 8.8 shall be in a form approved by Company including specific identification of Company as a third-party beneficiary of such covenants with the independent right to enforce them.

8.9 Developer agrees to comply with and/or to assist Company to the fullest extent possible in Company efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Developer certifies, represents and warrants that none of Developer's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws, and that Developer is not otherwise in violation of any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act and all other present and future U.S. federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Developer or Developer's employees, or any "blocking" of Developer's assets under the Anti-Terrorism Laws shall constitute grounds for immediate termination of this Agreement and any other agreement Developer has entered into with Company or its affiliates in accordance with the termination provisions of this Agreement.

## **9. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally served, mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Company:

Rita’s Franchise Company, LLC  
1210 Northbrook Drive, Suite 310  
Trevose, PA 19053  
Attn: Legal Department

Notices to Developer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notices shall be deemed to have been received as follows: by personal service – at the time of service; by overnight delivery service – on the next business day following the date on which the Notice was given to the overnight delivery service; and certified mail – 3 days after the date of mailing.

**10. PERMITS AND COMPLIANCE WITH THE LAWS**

10.1 Developer shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

10.2 Developer shall notify Company in writing within 5 days of the commencement of any action, suit or proceeding, and of the issuance of an order, writ, injunction, award or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of Developer and/or any Shop established under this Agreement.

**11. CORPORATE, LIMITED LIABILITY COMPANY OR PARTNERSHIP DEVELOPER**

11.1 If Developer (or any successor to assignee of Developer) is a corporation or limited liability company, it shall comply with the following requirements:

11.1.1 Developer shall be newly organized, and its charter shall at all times provide that its activities are confined exclusively to developing and operating Shops;

11.1.2 Copies of Developer’s Articles of Incorporation, Bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement, shall be promptly furnished to Company, upon request of Company;

11.1.3 Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Developer shall have conspicuously endorsed upon its face a statement in a form satisfactory to Company that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 11.1.3 shall not apply to a publicly-held corporation; and

11.1.4 Developer shall maintain a current list of all owners of record, members and all beneficial owners of any class of voting securities or securities convertible into voting securities of Developer and shall furnish the list to Company upon request.

11.1.5 Developer shall submit to Company, for prior written approval, any corporate or other legal name that Developer proposes to use.

11.2 If Developer (or any successor to or assignee of Developer) is a partnership, it shall comply with the following requirements:

11.2.1 Developer shall furnish Company with a copy of its partnership agreement as well as such other documents as Company may reasonably request, and any amendments thereto; and

11.2.2 Developer shall prepare and furnish to Company, upon request, a list of all general and limited partners in Developer.

11.2.3 Developer shall submit to Company, for prior written approval, any name of the partnership or other legal name that Developer proposes to use.

11.3 Developer shall adopt a fiscal year as specified by Company. Developer shall at Developer's expense, submit to Company in the form prescribed by Company, true and complete copies of the following reports, financial statements and other data:

11.3.1 Within 90 days after the end of each fiscal year of Developer, financial statements prepared and reviewed by an independent certified public accountant, showing the results of operations, including the balance sheet, income statement and statement of cash flow (and, for each, the supporting notes) for Developer;

11.3.2 Within 90 days after the end of each quarter of Developer's fiscal year, financial statements including balance sheets and income statements for such owners of Developer as specified by Company;

11.3.3 Within 30 days after their filing, Developer's federal tax return for each year during the term of this Agreement; and

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

## **12. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

12.1 Developer is an independent contractor. Company and Developer are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement or any Franchise Agreement shall be construed to alter the relationship.

12.2 During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor. Developer agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place in Developer's offices the content of which Company reserves the right to specify.

12.3 Nothing in this Agreement authorizes Developer to make any contract, warranty or representation on the behalf of Company, or to incur any debt or other obligation in the name of Company and Company shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Company be liable by reason of any act or omission of Developer in connection with Developer's operation of the business contemplated hereunder, or for any claim or judgment arising therefrom against Developer or Company. Developer hereby waives all claims against Company for damages to property or injuries to persons arising out of the operation of Developer's business. Developer shall indemnify and hold Company and the officers, directors and employees of Company ("**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with Developer's development of Shops and/or conduct under this Agreement, including those alleged to be caused by the Indemnitees' negligence. Developer agrees that, with respect to any threatened or actual litigation, proceeding or dispute that could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle, on behalf of the Indemnitees, any claim against the Indemnitees and/or Developer at their sole option. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Developer's obligation hereunder.

### **13. APPROVALS AND WAIVERS**

13.1 Whenever this Agreement requires Company's prior authorization, approval or consent, Developer shall make a timely written request to Company therefor, and such approval or consent must be obtained in writing. Failure by Company to provide approval or consent in writing shall constitute a denial of the same.

13.2 Company makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, consent or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

13.3 No failure of Company to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, including any practice or action of Company in its dealings with any other party, shall constitute a waiver of Company's right to demand exact compliance with any of the terms of this Agreement. Waiver by Company of any particular default of Developer shall not affect or impair Company's rights with respect to any subsequent default of the same, similar or different nature; nor shall any delay, forbearance or omission of Company to exercise any power or right arising out of any breach or



default by Developer of any of the terms, provisions or covenants of this Agreement, affect or impair Company's right to exercise the same, nor shall such constitute a waiver by Company of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Company of any contributions or payments due to it hereunder shall not be deemed to be a waiver by Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

13.4 Company shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Company reserves or is deemed to have reserved a right, option or discretion in a particular area or where Company agrees or is deemed to be required to exercise its rights reasonably or in good faith, Company will satisfy its obligations whenever it exercises reasonable business judgment in making its decision or exercising its rights. A decision or action by Company will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Company intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other interest of Company and/or is adverse to Developer's interests. Examples of items that will promote or benefit the System include enhancing the value of the Proprietary Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Company's reasonable business judgment shall not be subject to any limitation or review and neither Developer nor any third party (including a trier of fact), shall substitute its judgment for Company's reasonable business judgment. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Company and Developer agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Company the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's rights and obligations hereunder.

#### **14. WARRANTIES OF DEVELOPER**

14.1 Company entered into this Agreement in reliance upon the statements and information submitted to Company by Developer regarding this Agreement. Developer represents and warrants that all such statements and information submitted by Developer in connection with this Agreement are true, correct, and complete in all material respects. Developer agrees to promptly advise Company of any material changes in the information or statements submitted.

14.2 Developer represents and warrants to Company that neither Developer (including any and all of its employees, directors, officers and other representatives) nor the funding sources for either is a person or entity designated with whom Company or any of its affiliates, are prohibited by law from transacting business.

#### **15. ENTIRE AGREEMENT**

15.1 This Agreement, the attachments hereto and the documents referred to herein constitute the entire Agreement between Company and Developer concerning the subject matter hereof and supersedes any prior agreements, and no other representations have induced Developer

to execute this Agreement. Except for those permitted to be made unilaterally by Company hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Any amendment, addendum, rider or modification to this Agreement shall be deemed a part of this Agreement and a default under such document shall also be a default under this Agreement.

15.2 Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Company made in the most recent disclosure document (including its exhibits and amendments) that Company delivered to Developer or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

## **16. SEVERABILITY AND CONSTRUCTION**

16.1 If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such determination shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions and/or covenants shall be deemed not to be a part of this Agreement.

16.2 Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement (regardless of cause for termination), or transfer shall survive such expiration, termination or transfer, including Sections 8, 12.3, and 17.

16.3 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Company, Company's officers, directors and employees, and such of Developer's and Company's respective successors and assigns, any rights or remedies under or by reason of this Agreement.

16.4 Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

16.5 All captions in this Agreement are intended solely for the convenience of the parties, and no caption shall be deemed to affect the meaning or construction of any provision hereof. The word "including" shall be construed to include the words "without limitation." The term "Developer" is applicable to one or more persons, a corporation, limited liability company or

a partnership and its owners, as the case may be. If two or more persons are at any time Developer hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to Developer should be joint and several. All partners, shareholders, members, officers and directors of the entity that sign this Agreement as Developers acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, members, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation or limited liability company, shall execute the guarantee provision of this Agreement which is a part hereof. Reference to a “controlling” interest in an entity shall mean more than 50% of the equity or voting control of such entity. The word “including” shall be construed to include the words “but not limited to.”

## **17. APPLICABLE LAW**

17.1 This Agreement takes effect upon its acceptance and execution by Company, and shall be interpreted and construed exclusively under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of the choice-of-law rules of such state); provided, however, that if any provision of this Agreement, including the covenants in Section 8 of this Agreement, would not be enforceable under the laws of the Commonwealth of Pennsylvania and the Development Search Area (or any portion of the Development Search Area) is outside of the Commonwealth of Pennsylvania, then that provision shall be interpreted and construed under the laws of the state in which the Development Search Area (or any portion of the Development Search Area) is located. Nothing in this Section 17 is intended by the parties to subject this Agreement to any franchise or similar law, rule or regulation to which this Agreement would not otherwise be subject. Developer specifically agrees that this Section 17 is entered into without any fraud, duress, or undue influence on the part of Company or any agent, broker, or employee thereof.

17.2 Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement (including claims of fraud in the inducement, claims related to the applicability or validity of this Section 17, and/or any claim that this Agreement or any of its provisions is invalid, illegal or otherwise voidable or void), the relationship between Company and Developer, or Developer’s development of the Shops hereunder shall be subject to the alternative dispute resolution process (“**ADR Process**”). The ADR Process shall not be required by either Company or Developer with respect to (a) any claim or dispute involving actual or threatened disclosure or misuse of the confidential information of Company, (b) any claim or dispute involving the ownership, validity or use of the Proprietary Marks, (c) any claim or dispute involving the insurance or indemnification provisions of this Agreement or (d) any action to enforce the covenants set forth in Section 8 of this Agreement.

17.3 The ADR Process under this Section 17 is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

17.3.1 The ADR Process provided for hereunder shall be commenced by a party wishing to resolve a dispute (“**Complainant**”). Complainant shall initiate negotiation proceedings by sending a certified or registered letter to the party with whom dispute resolution is sought (“**Respondent**”) setting forth the particulars of the dispute, the term(s) of this Agreement (if any) that are involved, and a proposed resolution of the dispute. Except as required to be disclosed under applicable law, all aspects of the ADR Process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever.

17.3.2 Respondent must respond within 30 days of receipt of a letter from Complainant with a written explanation and response to the proposed resolution.

17.3.3 If the dispute is not resolved through correspondence, then Complainant and Respondent shall meet at a place determined by Company on at least one occasion within 60 days of receipt of the initial letter in an attempt to resolve the dispute.

17.3.4 If Complainant and Respondent are unable to resolve the dispute within 60 days of receipt of the initial letter (or within such extended period of time as Complainant and Respondent shall agree upon in writing), either Complainant or Respondent may submit the dispute to arbitration in accordance with this Section 17. Except as set forth in Section 17.2 above, disputes and claims relating to this Agreement (including claims of fraud in the inducement and/or any claim that this Agreement or any of its provisions are invalid, illegal or otherwise void or voidable), the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation (including claims related to the applicability or validity of this Section 17) or performance of either party under this Agreement, will be submitted to arbitration at the office of the AAA closest to Company’s principal place of business at the time the arbitration is initiated in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA (“**AAA Rules**”). Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended. Any dispute arising out of or in connection with this arbitration provision (including any question regarding its existence, validity, scope or termination) shall be referred to and finally resolved by arbitration. The following shall supplement the AAA Rules and, in the event of a conflict, shall govern any dispute submitted to arbitration:

(i) Within 30 days of the later of Complainant filing the arbitration demand with the office of the AAA and Complainant sending a copy of the arbitration demand to Respondent (“**Answer Due Date**”), Respondent shall deliver to Complainant its answer and any counterclaim(s), setting out the nature of such counterclaims(s) and the relief requested. A counterclaim shall mean any claim(s) arising out of the transaction or occurrence that is the subject matter of Complainant’s claim that, at the time of the Answer Due Date, Respondent has against Complainant. Any counterclaim(s) not included in the answer shall be considered waived. The parties agree that the arbitrator(s) may tender an interim ruling, including injunctive relief, and all claims of any type by either party, including counterclaims and defenses, are included in the jurisdiction of arbitration. The number of arbitrators shall be three. The arbitrators shall be selected from the AAA’s large and complex case panel. Each party has 10 days from the date of mailing by the American Arbitration Association of the written list of proposed arbitrators within which to return to the American Arbitration Association the written list of proposed arbitrators

with their choices of arbitrators. The arbitrator selected by Company and the arbitrator selected by Developer shall select the third arbitrator. Should either party fail to pay any fee due by the AAA in connection with any arbitration matter related to this Agreement (including any failure to participate in an arbitration that results in the non-payment of a fee), the other party may elect to reduce the number of arbitrators to one without the consent of the non-paying party. Should the number of arbitrators be reduced from three to one, the arbitrator shall be appointed in accordance with the AAA Rules. The parties further consent to the jurisdiction of any appropriate court to enforce the provisions of this Section and/or to confirm any award rendered by the panel of arbitrators or arbitrator

(ii) The arbitrator(s) shall use the laws of Pennsylvania for interpretation of this Agreement. Each party shall bear its share of the costs and fees of the arbitration in accordance with the AAA Rules. Should a party fail to pay its portion of the arbitration fees in accordance with the AAA Rules, such failure to pay shall be grounds for dismissal of the non-paying party's claims. The arbitrator(s) shall apply the Federal Rules of Evidence at the hearings. The arbitrator(s)' award shall include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator(s)' fee, attorneys' fees, interest and costs of investigation. The arbitration hearings shall be completed within 150 days of the filing of the arbitration demand.

(iii) The arbitrator(s) shall have no authority to amend or modify the terms of this Agreement. The parties further agree that, unless such a limitation is prohibited by applicable law, the arbitrator(s) shall have no authority to award damages precluded by Section 17.7. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the parties. This Agreement to arbitrate shall survive any termination or expiration of this Agreement.

(iv) Any dispute arising out of or in connection with this arbitration provision, including any question regarding its existence, validity, scope, or termination, shall be decided by arbitration.

17.4 Any legal action or proceeding brought by any party against the other in any forum or court, whether federal or state, shall be brought only within the judicial district in which Company has its principal place of business at the time the action or proceeding is initiated. Any such action or proceeding shall be brought in federal court if federal court jurisdiction exists and, if it does not exist, then in state court. The parties agree that this Section 17.4 shall not be construed as preventing either party from removing an action from state to federal court. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any legal action or proceeding shall be conducted on an individual basis, and not as part of a consolidated, common, group, representative, or class action.

**17.5 WAIVER OF JURY TRIAL: COMPANY AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH**

**RESPECT TO ANY CLAIM OR ACTION (INCLUDING ANY COUNTERCLAIMS OR CLAIMS OF FRAUD IN THE INDUCEMENT) WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

17.6 Except for claims arising from (i) Developer's non-payment of amounts owed to Company and/or its affiliates, (ii) post-termination obligations under this Agreement or (iii) any violations of intellectual property rights, any and all claims and actions arising out of or relating to this Agreement, the relationship of Developer and Company, Developer's or Company's actions in connection with this Agreement or Developer's development of Shops hereunder will be barred unless a judicial or arbitration proceeding is commenced by either party hereto against the other (including actions Developer may bring against Company, its affiliates, officers, directors and employees) within 24 months from the occurrence of the facts giving rise to such claim or action.

**17.7 WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES: COMPANY AND DEVELOPER HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.**

17.8 Nothing herein contained shall bar the right of either party to obtain, without invoking the ADR Process, a writ of attachment, a temporary injunction, preliminary injunction, and/or other emergency relief available to safeguard and protect Company's or Developer's interests (including, but not limited to, those matters set forth in the second sentence of Section 17.2) under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

**18. DEVELOPER DEFINED AND GUARANTEE**

As used in this Agreement, the term "Developer" shall be deemed to include not only the individual or entity defined as "Developer" in the introductory paragraph of this Agreement but also all partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, members, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation or limited liability company. All partners, shareholders, members, officers and directors of the entity that signs this Agreement as Developer (i) shall be deemed owners and (ii) acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. All partners of the entity that executes this Agreement, in the event said entity is a partnership, and all shareholders, members, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation or limited liability company, shall execute the guarantee provision at the end of this Agreement. Developer specifically agrees and acknowledges that claims arising out of or relating to this Agreement in any way against or by any person or entity, whether a signatory to this Agreement or not, shall be resolved through arbitration.

## 19. MISCELLANEOUS

19.1 Developer acknowledges that it has conducted an independent investigation of the business contemplated and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Developer (or, if Developer is a corporation or partnership, the ability of its principals) as (an) independent businessperson(s), his/her active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. Company expressly disclaims the making of, and Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

19.2 Developer acknowledges that Developer received a copy of this Agreement, the exhibit(s) hereto and agreements relating hereto, if any, as well as a copy of Company's current FDD at such time(s) as required by the applicable federal and state franchise laws and regulations.

19.3 Developer acknowledges that it has read and understood the FDD, this Agreement and the exhibits to this Agreement, and that Company has accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this Agreement. Developer acknowledges that it has no knowledge of any representations by Company, or anyone purporting to act on Company's behalf, that are contrary to the statements made in the FDD or contrary to the terms of this Agreement.

19.4 Except when another entity guarantees Company's obligations under this Agreement (the "**Guaranteeing Entity**") as may be provided in Company's FDD, Developer agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, supplier, agent, attorney or representative of Company (other than the Guaranteeing Entity, but only to the extent of the terms of the guaranty) will have any liability for (i) any of Company's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Company based on, in respect of, or by reason of, the relationship between Developer and Company or (iii) any claim against Company based on any alleged unlawful act or omission of Company.

19.5 Developer, on behalf of itself and its current and former parents, subsidiaries, and affiliates, and the respective current and former owners, members, shareholders, officers, directors, agents, limited liability company members, managers, insurers, attorneys, employees, predecessors, successors and assigns of each, and on behalf of the Developer's owners, hereby (i) forever release, acquit and discharge Company, its parents, affiliates and related entities, and their current and former predecessors and affiliates, for each of their respective current and former officers, directors, owners, shareholders, employees, agents, representatives and attorneys, and for all of their current and former heirs, executors, administrators, personal representatives, successors, assigns and all other person(s) acting on their behalf, from any and all claims, demands and causes of action, whether known or unknown, of any kind or nature, vested or contingent, at law or in equity, arising prior to or on the Effective Date and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against Company, its parents, affiliates and related entities, and its current and former predecessors and

affiliates, each of their respective current and former officers, directors, owners, shareholders, employees, agents, personal representatives and attorneys, and/or each of their current and former heirs, executors, administrators, personal representatives, successors, assigns and all other person(s) acting on their behalf, directly or indirectly, relating to any claim or demand released under this Section 19.5, provided, however, that this release and covenant not to sue shall not apply to any claim that arises under any applicable federal and state franchise laws, except to the extent that such claims may by law be released by this Agreement. Developer shall take whatever actions are necessary or appropriate to carry out the terms of this release and covenant not to sue upon Company's request. This Section 19.5 shall survive the expiration or termination of this Agreement.

19.6 This Agreement may be executed and delivered, including by way of electronic signature (PDF formats included) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date

**DEVELOPER:**

**COMPANY:**

\_\_\_\_\_

**RITA'S FRANCHISE COMPANY, LLC**

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

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

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

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

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

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

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

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

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



**IF DEVELOPER IS A CORPORATION, PARTNERSHIP, OR OTHER LEGAL ENTITY, ALL OWNERS MUST EXECUTE THE FOLLOWING:**

**GUARANTEE PROVISION**

As an inducement to Company to enter this Agreement between Company and Developer, the undersigned guarantor(s) (“**Guarantor(s)**”), jointly and severally, for the term of this Agreement and any extension, renewal, continuation or successor thereof, and thereafter until all of Developer’s obligations to Company have been satisfied, do hereby personally, absolutely, and unconditionally guaranty to Company and its successors and assigns that Developer shall punctually pay and perform each and every obligation, undertaking, condition and covenant set forth in this Agreement, any amendments to this Agreement, and any renewal, extension or continuation of the rights under this Agreement. Further, Guarantor(s), individually, jointly and severally, hereby agrees to be personally bound by each and every condition and term contained in this Agreement as though Guarantor(s) had executed an agreement containing the identical terms and conditions of this Agreement (including, but not limited to, confidentiality, non-competition and dispute resolution provisions) and any amendments, extension or other modification to this Agreement.

Upon demand by Company, Guarantor(s) will immediately make each contribution or payment required of Developer under this Agreement. Guarantor(s) waives: (i) all rights to payments and claims for reimbursement or subrogation that Guarantor(s) may have against Developer arising as a result of Guarantor(s)’s execution of and performance under this guarantee provision, for the express purpose that no Guarantor(s) will be deemed a “creditor” of Developer under any applicable bankruptcy law with respect to Developer’s obligations to Company; (ii) all rights to require Company to proceed against Developer for any payment required under this Agreement, proceed against or exhaust any security from Developer, take any action to assist any Guarantor(s) in seeking reimbursement or subrogation in connection with this guarantee provision or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Developer; (iii) any benefit of, any right to participate in, any security now or hereafter held by Company; and (iv) acceptance and notice of acceptance by Company of his, her or its undertakings under this guarantee provision, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. Company will have no present or future duty or obligation to Guarantor(s) under this guarantee provision, and Guarantor(s) waives any right to claim or assert any such duty or obligation, to discover or disclose to Guarantor(s) any information, financial or otherwise, concerning Developer, any other guarantor or any collateral securing any obligations of Developer to Company. Without affecting the obligations of Guarantor(s) under this guarantee provision, Company may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with or release all or any provisions of this Agreement or any indebtedness or obligation of Developer, or settle, adjust, release or compromise any claims against Developer or any other guarantor, make advances for the purpose of performing any obligations of Developer under this Agreement, assign this

Agreement or the right to receive any sum payable under this Agreement, and the undersigned each hereby jointly and severally waive notice of same and agree to be bound by any and all amendments and changes to this Agreement. Guarantor(s) expressly acknowledges that the obligations under this guarantee provision survive the expiration or termination of this Agreement.

Guarantor(s) agrees to defend, indemnify and hold Company harmless against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) ("**Claims**") resulting from, consisting of, or arising out of or in connection with any failure by Developer, its officers, directors, agents or employees to perform any obligation under this Agreement, any amendment thereto or any other agreement executed by Developer referred to therein.

Upon the death of any Guarantor(s), the estate of such individual shall be bound by this guarantee provision, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other Guarantor(s) will continue in full force and effect. Any and all notices required or permitted under this guarantee provision will be in writing and will be delivered in the manner provided under Section 9 of this Agreement.

Unless specifically stated otherwise, the terms used in this guarantee provision shall have the same meaning as in this Agreement, and shall be interpreted and construed in accordance with Section 17 of this Agreement. This guarantee provision shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania. In the event of any conflict of law, the laws of Pennsylvania shall prevail, without regard to, and without giving effect to, the application of the Commonwealth of Pennsylvania conflict of law rules. If any provision of this guarantee provision would not be enforceable under the laws of the Commonwealth of Pennsylvania and the Development Search Area is located outside of the Commonwealth of Pennsylvania, then that provision shall be interpreted and construed under the laws of the state in which the Development Search Area is located. Nothing in this guarantee provision is intended by the parties to subject this guarantee provision to any franchise or similar law, rule or regulation of the Commonwealth of Pennsylvania or of any other state to which it would not otherwise be subject.

IN WITNESS WHEREOF, each of the undersigned has signed this guarantee provision effective the Effective Date.

**GUARANTOR(S):**

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**Exhibit A**  
**to**  
**Rita's Franchise Company, LLC Development Agreement**

**DEVELOPMENT SCHEDULE AND DEVELOPMENT FEE**

1. Developer's principal place of business is located at:
  
2. Developer will develop Shops that operate:
  - Year Around
  - Seasonal
  
3. Developer shall have executed and delivered Franchise Agreements and shall have open and in operation \_\_\_\_\_ (\_\_\_\_\_) Shops, within the Development Search Area in accordance with the following Development Schedule (Section 1.1):

Cumulative Number of Executed Franchise Agreements (executed under this Agreement) for Shops Within the <u>Development Search Area</u>	<u>By this Date</u>
_____	_____, _____
_____	_____, _____
_____	_____, _____
_____	_____, _____
_____	_____, _____

Developer's Cumulative Number of Open and Operating Shops (developed under this Agreement) Within the <u>Development Search Area</u>	<u>By this Date</u>
_____	_____, _____
_____	_____, _____
_____	_____, _____
_____	_____, _____
_____	_____, _____

4. The Development Fee is \$ \_\_\_\_\_ (Section 4.2).

**DEVELOPER:**

**COMPANY:**

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

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

**Exhibit B**  
**to**  
**Rita's Franchise Company, LLC Development Agreement**

**DEVELOPMENT SEARCH AREA**

**DEVELOPER:**

**COMPANY:**

Initial: \_\_\_\_\_

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

Initial: \_\_\_\_\_

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

**Exhibit C**  
**to**  
**Rita's Franchise Company, LLC Development Agreement**

**REFERENCED FRANCHISE AGREEMENT**

**Exhibit D**  
**to**  
**Rita's Franchise Company, LLC Development Agreement**

**STATE ADDENDA**

**CALIFORNIA**

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Rita’s Franchise Company, LLC Development Agreement (the “**Development Agreement**”) hereby agree as follows:

1. Section 17 of the Development Agreement shall be amended by adding the following language:

**THIS SECTION SHALL NOT APPLY TO CLAIMS ARISING UNDER SECTIONS 31300 THROUGH 31306 OF THE CALIFORNIA FRANCHISE INVESTMENT LAW, ALL OF WHICH SHALL BE GOVERNED BY APPLICABLE STATE STATUTES. THIS PROVISION DOES NOT LIMIT DEVELOPER’S RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.**

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this California Amendment to the Development Agreement simultaneous with the execution of the Development Agreement on the date indicated below.

**COMPANY:**  
**RITA’S FRANCHISE COMPANY, LLC**

**DEVELOPER:**

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

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

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

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

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

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



**ILLINOIS**

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the Rita’s Franchise Company, LLC Development Agreement (the “**Development Agreement**”) agree as follows:

1. Section 6 of the Development Agreement, under the heading “Default and Termination,” shall be amended by adding the following provision after Section 6.7:

6.8 If any of the provisions of this Section 6 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply.

2. Section 17 of the Development Agreement, under the heading entitled “Applicable Law,” shall be supplemented by the addition of the following language at the end of the Section:

Illinois Law, however, will apply to all claims arising under the Illinois Franchise Disclosure Act of 1987. Further, Developer may commence an action against Company in Illinois with respect to any cause of action arising under the Illinois Franchise Disclosure Act of 1987.

3. Section 17 of the Development Agreement, under the heading entitled “Applicable Law,” shall be supplemented by the addition of the following language at the end of the Section:

Provided, however, that if this Section is consistent with the Illinois Franchise Disclosure Act of 1987, the provisions of the Illinois Franchise Disclosure Act shall apply.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Amendment.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Development Agreement simultaneous with the execution of the Development Agreement on the date indicated below.

**COMPANY:**  
**RITA'S FRANCHISE COMPANY, LLC**

**DEVELOPER:**

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

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

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

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

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

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

**INDIANA**

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the parties to the attached Rita’s Franchise Company, LLC Development Agreement (the “**Development Agreement**”) agree as follows:

1. Section 1.2 of the Development Agreement, under the heading “Grant,” shall be amended by adding the following language after Section 1.2.6:

Company is required by this Agreement to agree not to compete unfairly with Developer within the Development Area. To the extent required by Indiana Code Sections 23-2-2.7-1(2) and 23-2-2.7-2(4), Company shall not operate a business which is substantially identical to the Franchised Business within the Development Area regardless of trade name.

2. Section 6 of the Development Agreement, under the heading “Default and Termination,” shall be amended by adding the following provision after Section 6.7:

6.8 Indiana Law provides that unilateral termination of this Agreement must be for good cause. Good cause includes, among other things, any material violation of this Agreement.

3. Section 12 of the Development Agreement, under the heading “Independent Contractor and Indemnification,” shall be amended by the addition of the following language to the end of the section:

To the extent required by Indiana Code Section 23-2-2.7-2(10), Developer shall not be obligated to indemnify Company as provided herein for any liability caused by Developer’s reasonable and proper reliance on or use of procedures and materials provided by Company or arising out of Company’s negligence.

4. Section 17 of the Development Agreement, under the heading “Applicable Law,” shall be amended by adding the following language at the end of the Section:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, Indiana law shall be applied in construing this Agreement.

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a developer who operates a franchised office in Indiana may require, at the developer’s option, that litigation or arbitration concerning such franchise take place in Indiana.

5. Section 19.5 of the Development Agreement, under the heading “Miscellaneous”, shall be amended by adding the following language at the end of the Section:

To the extent required by Indiana Code Section 23-2-2.7-1(5) no general release executed pursuant to this Section shall be deemed a release, assignment, novation, waiver or estoppel which purports, or is intended to relieve Company from any liability imposed by the Indiana Deceptive Franchise Practices Act.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practice Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Indiana Amendment to the Development Agreement simultaneous with the execution of the Development Agreement on the date indicated below.

**COMPANY:**  
**RITA’S FRANCHISE COMPANY, LLC**

**DEVELOPER:**  
\_\_\_\_\_

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

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

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

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

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

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

**MARYLAND**

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Rita’s Franchise Company, LLC Development Agreement (“**Development Agreement**”) agree as follows:

1. Section 17 of the Development Agreement, under the heading “Applicable Law,” shall be supplemented by the addition of the following language at the end of the section:

Notwithstanding the above, any claim Developer may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years of the execution of this Agreement.

2. Section 17 of the Development Agreement, under the heading “Applicable Law,” shall be supplemented by the following:

Maryland franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Section 19.5 of the Development Agreement, under the heading “Miscellaneous,” shall be supplemented by the following:

The foregoing acknowledgments shall not be construed as a waiver or release by Developer of any claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.



IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Development Agreement simultaneous with the execution of the Development Agreement on the date indicated below.

**COMPANY:**  
**RITA'S FRANCHISE COMPANY, LLC**

**DEVELOPER:**  
\_\_\_\_\_

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

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

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

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

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

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

**MINNESOTA**

**AMENDMENT TO RITA'S FRANCHISE COMPANY, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Rita's Franchise Company, LLC Development Agreement ("**Development Agreement**") agree as follows:

1. Section 6 of the Development Agreement shall be supplemented by adding the following as Section 6.8:

Insofar as the Development Agreement is governed by the State of Minnesota, Company shall comply with Minn. Stat. § 80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that Company give Franchisee 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Development Agreement.

2. Section 17.6 of the Development Agreement shall be supplemented by the following:

Notwithstanding the above, any claim Developer may have under the Minnesota Franchise Act must be brought within 3 years of the execution of this Agreement.

3. Section 19 of the Development Agreement shall be supplemented by adding the following sections:

19.6 The general release language contained in this Agreement shall not relieve Company or any other person, directly or indirectly, from liability imposed by Minn. Stat. §§ 80C.01 through 80C.22.

19.7 Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit Company from requiring litigation to be conducted outside Minnesota. Nothing in the FDD (as defined in this Agreement) or this Agreement can abrogate or reduce any of Developer's rights provided for in Minnesota Statutes, Chapter 80C, or Developer's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Act, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Minnesota Amendment to the Development Agreement simultaneous with the execution of the Development Agreement on the date indicated below.

**COMPANY:**  
**RITA'S FRANCHISE COMPANY, LLC**

**DEVELOPER:**

\_\_\_\_\_

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

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

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

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

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

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

**NEW YORK**

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Rita’s Franchise Company, LLC Development Agreement (the "**Development Agreement**") agree as follows:

1. Paragraph 7.1 of the Development Agreement shall be supplemented to include the following language, which shall be considered an integral part of the Development Agreement:

In the event of any assignment of this Agreement by Company, Company will ascertain that its assignee, in Company's reasonable judgment, possesses the economic resources to fulfill Company's obligations to its licensees.

2. Paragraph 17.1 of the Development Agreement shall be supplemented to include the following language, which shall be considered an integral part of the Development Agreement:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Licensee by the provisions of Article 33 of the New York State General Business Law.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the General Business Law of New York State, Sections 680-695, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed this New York Amendment to the Development Agreement simultaneous with the execution of the Development Agreement on the date indicated below.

**COMPANY:**  
**RITA’S FRANCHISE COMPANY, LLC**

**DEVELOPER:**

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

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

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

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

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

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

**RHODE ISLAND**

**AMENDMENT TO RITA’S FRANCHISE COMPANY, LLC  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Rita’s Franchise Company, LLC Development Agreement (the “**Development Agreement**”) agree as follows:

1. The following section shall be added at the end of Section 17 of the Development Agreement:

17.9 Notwithstanding the above, Rhode Island developers are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Rhode Island Amendment to the Development Agreement simultaneous with the execution of the Development Agreement on the date indicated below.

**COMPANY:**  
**RITA’S FRANCHISE COMPANY, LLC**

**DEVELOPER:**

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

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

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

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

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

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



**EXHIBIT E**  
**RITA'S FRANCHISE COMPANY, LLC**

**GENERAL RELEASE AGREEMENT**

This Release Agreement (this "Agreement") is made and entered into on \_\_\_\_\_ (the "Effective Date") by and between Rita's Franchise Company, LLC (as successor-in-interest to Rita's Water Ice Franchise Company, LLC) ("Company"); \_\_\_\_\_ ("Franchisee"); and undersigned parties that are owners or guarantors (individually and collectively, "Undersigned Parties")

**WITNESSETH:**

**WHEREAS**, Company and Franchisee are parties to a Rita's Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement") granting Franchisee the right to operate a Rita's franchised business under Franchisor's proprietary marks and system at the following location: \_\_\_\_\_ (the "Franchised Business").

**WHEREAS**, Undersigned Parties are beneficiaries of the Franchise Agreement.

**WHEREAS**, Franchisee seeks to [**transfer the Franchise Business**] [**renew the Franchise Agreement**] [**other**].

**WHEREAS**, Franchisee and Undersigned Parties shall collectively be referred to as the "Franchisee Parties" in this Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions contained in this Agreement, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

The Franchisee Parties, and each of them, on behalf of themselves and their current and former parents, subsidiaries, and affiliates, and the respective current and former owners, members, officers, directors, employees, managers, agents, representatives, insurers, attorneys, predecessors, successors and assigns of each (the "Releasing Parties"), hereby forever release, acquit and discharge Company, and its current and former predecessors and affiliates, for each of their respective partners, owners, shareholders, agents, attorneys, employees, officers, directors and representatives, and for all of their respective current and former heirs, executors, administrators, personal representatives, successor, assigns and all other person acting on their behalf ("Company Parties") from any and all suits, claims, damages, controversies, rights, promises, debts, liabilities, demands, duties, obligations, costs expenses, actions and causes of action of every nature, character, description and kind, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected, related or unrelated to the Franchise Agreement, the Franchised Business, and/or any other agreement between any of Company Parties and any of the Releasing Parties, as to law and/or facts, which any of the Releasing Parties now owns or holds or has at any time heretofore owned or held, or may at any time own or hold against any of Company Parties, arising prior to, up to and including the Effective

Date. The Releasing Parties, and each of them, also covenant not to sue any Company Parties regarding any of the claims being released under this Agreement.

The Parties agree that, with respect to the release of claims as set forth above, all rights under Section 1542 of the California Civil Code and any similar law of any state or territory of the United States are expressly waived. Section 1542 reads as follows:

**Section 1542. Certain Claims not affected by general release.** A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor.

Franchisee represents that it has carefully and fully read this Agreement, has had ample opportunity to review it with an attorney of its choosing, and understands its content and consequences.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective as of the Effective Date.

**COMPANY:**  
Rita's Franchise Company, LLC

**FRANCHISEE:**

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**UNDERSIGNED PARTIES**

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**EXHIBIT F TO  
FRANCHISE DISCLOSURE DOCUMENT  
TABLE OF CONTENTS  
OF SYSTEM MANUALS**

**Operations Manual**

Table of Contents	7 pages
1. Introduction	14 pages
2. Business Management	32 pages
3. Daily Operations	68 pages
4. Risk Management	21 pages
5. Personnel Management	38 pages
6. Marketing	49 pages
7. Leveraging the Advantages of the Franchise System	7 pages
TOTAL	236 pages

**Products and Procedures Manual**

Table of Contents	11 pages
1. Food Safety	53 pages
2. Production Guidelines	60 pages
3. Maintaining Product Quality	14 pages
4. Product Presentation	89 pages
5. Equipment and Maintenance	128 pages
6. Surface Care and Maintenance	8 pages
TOTAL	363 pages

## **Product Recipes Manual**

### **Electro Freeze Equipment**

1. Double Container Recipes	87 pages
2. Single Container Recipes	93 pages
4. Half Container Recipes	91 pages
5. Quarter Container Recipes	91 pages

### **Stoelting Equipment**

1. Single Container Recipes	93 pages
2. Half Container Recipes	90 pages
3. Quarter Container Recipes	89 pages

TOTAL 634 pages

**EXHIBIT G TO  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT AND FORMER FRANCHISEES AND  
CURRENT AND FORMER DEVELOPERS**

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Hartley's Frozen Treats on the Eastern Shore, LLC	Granville N. (Nick) Hartley	420 Eastern Shore Shopping Ctr.		Fairhope	AL	36532	251-517-7472
Alabama Italian Ice, LLC	Robert J. Tarr	2654 S McKenzie St		Foley	AL	36535	251-943-5980
Alabama Italian Ice, LLC	Robert J. Tarr	400 Gulf Shores Pkwy		Gulf Shores	AL	36542	251-968-0045
T&T Developments LLC	Mary Beth Toone	8046 Highway 72 W		Madison	AL	35758	256-970-4848
Luffish Ice of Arkansas, LLC	Timothy D. Nail	1040 S Amity Rd	Lewis Crossing Shopping Center Suite D	Conway	AR	72032	501-358-6221
K-N Ice, LLC	Barbara L. Knight	5940C W Union Hills Dr		Glendale	AZ	85308	623-866-9676
K-N Ice, LLC	Barbara L. Knight	8251 W Union Hills Dr	Union Hills South Shopping Center Suite 105	Glendale	AZ	85308	602-909-8566
Cinders, LLC	Aimee S. Klapach	4727 E Bell Rd	Tatum Point Shopping Center Suite 57	Phoenix	AZ	85032	602-761-5637
Sandovia, LLC	Aimee S. Klapach	4730 E Indian School Rd	Ste 113	Phoenix	AZ	85018	602-441-3138
Surgelati Treats Inc.	Esmeralda Arrizon	417 S Shore Ctr		Alameda	CA	94501	510-397-4597
Mom's JCM3 Sweets, LLC	Melissa N. Patterson	649 W Imperial Hwy	Ste J	Brea	CA	92821	714-784-6786
ARELLANO & ASSOCIATES, INC.	Gregory J. Arellano	3150 Balfour Rd	Balfour Village Center Suite A	Brentwood	CA	94513	925-308-4495
RITAS BAY AREA, LLC	Matthew H. Levy	3200 Castro Valley Blvd		Castro Valley	CA	94546	510-876-5217
	John F. Conley	24845 Del Prado		Dana Point	CA	92629	949-443-2423
	Pravin Vivekanandan	39006 Paseo Padre Pkwy		Fremont	CA	94538	510-648-2581
ARELLANO & ASSOCIATES, INC.	Gregory J. Arellano	2774 Livermore Outlets Drive		Livermore	CA	94551	650-380-8008
AWAN SCRUB TECHNOLOGY	Nasir Awan	11073 W Pico Blvd		Los Angeles	CA	90064	310-445-3939
Jamieson Family Ice	Aaron W. Jamieson	23811 Washington Ave		Murrieta	CA	92562	951-240-5526
Newbur, Inc.	Meenu Sandhu	2290 Borchard Road	Chevron ExtraMile	Newbury Park	CA	91320	805-499-1072
RITAS BAY AREA, LLC	Matthew H. Levy	740 El Camino Real		San Carlos	CA	94070	650-596-5144
	Hunza S. Chowdhry	525 W. Santa Clara Street	SAP Center	San Jose	CA	95113	
HAT ICE LLC	Hieu Lau	1801 Pruneridge Avenue		Santa Clara	CA	95050	408-217-8332
RT Ice, LLC	Romina Faramarzi	26773 Bouquet Canyon Rd		Santa Clarita	CA	91350	661-414-3734
AJ Treats, LP	Jeremy J. Almond	5221 W. Walnut Avenue		Visalia	CA	93277	916-865-8431
BAGGINS & BEAN INCORPORATED	Douglas S. Neale	1182 S Main St		Salinas	CA	93901	831-595-8742
	Katharine D. Gehauf	7866 N. Academy Blvd		Colorado Springs	CO	80920	719-465-2867
J&K Frozen Treats, Inc.	Jonathan L. Tatum	7715 Dublin Blvd		East Colorado Springs	CO	80923	719-445-0912
DRD FoCo, LLC	Diane R. David	250 E Harmony Rd	Ste F-7	Fort Collins	CO	80525	970-400-7063
I.C.H. HOLDINGS LLC	Donald F. Shooster	9559 S. University Blvd., Unit 107		Highlands Ranch	CO	80126	610-715-4639
Italian Ice of Parker, Inc.	Cameron Nuss	19250 East Lincoln Ave	Suite 120	Parker	CO	80138	720-549-4059
M&M Ice Ventures	Lee V. Madrid	3990 Limerlight Avenue	Hilltop Commons at the Meadows, Suite D	Castle Rok	CO	80109	206-618-6957

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Nutmeg Water Ice, LLC	Daniel Onofrio	*600 Main Street	Arena Harbor Yard	Bridgeport	CT	06604	203-373-1040
Nutmeg Water Ice, LLC	Daniel Onofrio	1055 Huntington Tpke		Bridgeport	CT	06610	203-373-1040
Franchise Investment Group, LLC	David W. Kusnierski	358 Scott Swamp Rd		Farmington	CT	06032	860-677-0880
Quarry Ice Inc.	Edward S. Papacoda	900 Straits Tpke		Middlebury	CT	06762	203-758-2888
Dendrite Down Ventures, LLC	William J. Baldasty III	361 Colman St		New London	CT	06320	860-444-1600
New England Water Ice, LLC	James F. Hunter III	1783 Silas Deane Hwy		Rocky Hill	CT	06067	860-436-4152
SHORT STUFF, LLC	James F. Hunter III	1735 Ellington Rd	Town Center Plaza #1	South Windsor	CT	06074	860-648-2248
Tuffy and Tyra's Ice, LLC	Ashley P. Fulton	279 Queen St		Southington	CT	06489	860-276-8829
TWICE ICE, LLC	James F. Hunter III	378 Kelly Rd		Vernon	CT	06066	860-648-1833
IKES ICE, LLC	Ashley P. Fulton	1134 New Britain Ave		West Hartford	CT	06110	860-986-7717
Christian Brothers for Life Group, LLC	Anthony D. Cannady	1014 H St NE		Washington	DC	20002	202-399-0386
BAC 10, LLC	Angela Brock	2318 Rhode Island Ave NE		Washington	DC	20018	202-636-7482
BAC 10, LLC	Angela Brock	*601 F Street NW	Verizon Center	Washington	DC	20004	202-636-7482
Brandywine Valley Ices, LLC	Michelle Wojciechowski	1673 Pulaski Hwy	1673 Pulaski Highway	Bear	DE	19701	302-834-3390
Bethany Beach Cool Treats, LLC	Dana Pfister	722 Philadelphia Pike		Bellefonte	DE	19809	302-761-9822
Trinity Enterprises, LLC	Barry E. Kitchen	765 Garfield Pkwy	State Route 26	Bethany	DE	19930	302-539-3880
D & H ICES, INC.	Cherrel Daviston	3230 Philadelphia Pike		Claymont	DE	19703	302-792-2856
D & K ICES, LLC	Janene Leonard	191 N Dupont Hwy		Dover	DE	19901	302-674-9473
Cups & Cones, LLC	Daniel A. Komdat	7313 Lancaster Pike		Hockessin	DE	19707	302-235-0520
Ice Delight, Inc	Dominic E. Campese	5246 Summit Bridge Rd		Middletown	DE	19709	302-464-1277
The Icemen, Inc	Glen Vernon	937 N Dupont Blvd		Milford	DE	19963	302-265-2555
Rehoboth Water Ice, LLC	Jason Yancoski	287 Christina Rd	Ste 19	New Castle	DE	19720	302-325-0999
Kool Treats LLC	Robert M. Paulus	600 Newark Shopping Ctr		Newark	DE	19711	302-368-4885
CKKC ENTERPRISES, LLC	Thomas M. Reardon	47B Rehoboth Ave		Rehoboth Beach	DE	19971	302-567-2658
KCNR, LLC	Carmine T. (Tom) Mimeo Jr.	18701 Coastal Hwy	Midway Galleria Unit #5	Rehoboth Beach	DE	19971	302-645-4501
Silverside Water Ice, Inc.	Craig Dimes	1250 Norman Eskridge Hwy	Unit 1	Seaford	DE	19973	302-536-1930
D & K ICES, LLC	Cindy Jung	124 N Dupont Blvd		Smyrna	DE	19977	302-659-2959
The Ice Devils, Inc.	Jeffrey R. Schmidt	2222 Silverside Rd		Wilmington	DE	19810	302-477-1572
CAAB, LLC	Daniel A. Komdat	2909 Concord Pike		Wilmington	DE	19803	302-478-7383
	Mario Nino Perilli	3730 Kirkwood Hwy		Wilmington	DE	19808	302-995-9501
	Christopher J. Heseck	317 Maryland Ave		Wilmington	DE	19804	302-256-0094

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
210 services, LLC	Stephanie Chuipek	515 N Park Ave		Apopka	FL	32712	321-256-9111
JOMBIE, INC	John DiPilla	7065 Coastal Blvd		Brooksville	FL	34613	352-592-4554
JET ICE, LLC	Peter A. Bonanni	2510 N McMullen Booth Rd	Ste A	Clearwater	FL	33761	727-796-7482
RGB ICE, INC	Robert G. Brown	1010 Court St		Clearwater	FL	33756	727-446-3023
CDT Investments, LLC	Courtney L. Todman	1750 N. University Dr		Coral Springs	FL	33071	954-775-0736
ICE SISTERS, LLC	Derik S. Fay	4666 S Cleveland Ave		Fort Myers	FL	33907	239-275-7808
MIAMI WATER ICE LLC	Nathan Zelikovitz	18451 NW 67th Ave	Vista Shopping Center	Hialeah	FL	33015	305-602-3073
BME GROUP, LLC	Angela Hampton	13529 Beach Blvd	Hodges Station Suite 101	Jacksonville	FL	32224	904-685-5073
JAX BEACH TREATS, INC.	Jack R. Jones	393 3rd St N		Jacksonville Beach	FL	32250	904-372-9634
Brevard Ice, LLC	Joseph C. Di Pinto	620 W New Haven Ave		Melbourne	FL	32901	321-586-5818
MIAMI WATER ICE LLC	Nathan Zelikovitz	6782 Collins Ave		Miami Beach	FL	33141	786-343-5328
Rita's Italian Ice of Naples, Inc.	Jason L. Gibson	1575 Pine Ridge Rd	Suite 1	Naples	FL	34109	239-417-4827
AJ ICE, LLC	Irv M. Rosen	2602 S.W. 19th Avenue Road	Unit 201	Ocala	FL	34471	352-433-2424
210 services, LLC	James Byers III	11567 Regency Village Dr		Orlando	FL	32821	407-270-3764
THE OLIVERI ENTERPRISES CORPORATION	Nicholas W. Oliveri	160 Malabar Road SW	Palm Bay West 113	Palm Bay	FL	32907	321-607-4827
ICE SISTERS PC, LLC	Derik S. Fay	4255 Tamiami Trail		Port Charlotte	FL	33980	941-764-6273
AHW, Inc	Kenneth Weiner	11071 Southern Blvd	Southern Palm Crossing Suite 130	Royal Palm Beach	FL	33411	561-795-4333
M&K ROBISON, LLC	Anthony J. Coppola	13147 86th Ave		Seminole	FL	33776	727-393-6740
MIAMI WATER ICE LLC	Kerri N. Robison	380 A1 A Beach Blvd		St. Augustine	FL	32080	904-461-0977
Flamingo Ice, LLC	Nathan Zelikovitz	9461 Harding Ave		Surfside	FL	33154	305-614-5355
AHW, Inc.	Arif Khan	1355 US Highway 1	Mall Center Suite #9	Vero Beach	FL	32960	772-770-0100
Levy Premium Foodservice Limited Partnership	Kenneth Weiner	460 S Rosemary Ave	Ste 172	West Palm Beach	FL	33401	561-623-0774
PPC Investments, LLC	Blake Stembbridge	*1 State Farm Drive	State Farm Arena	Atlanta	GA	30303	
Four Friends Frozen Confections, Inc.	Ji Yeon (Annie) Kim	3530 Ashford Dunwoody Rd NE		Atlanta	GA	30319	770-986-9335
SO ICEY INC.	Vimal Patel	1432 Georgia Highway 16 W		Griffin	GA	30223	770-412-4240
IEC WATER ICE, LLC	Mark S. Ross	3763 Martinez Blvd.		Martinez	GA	30907	706-868-0083
MIDWEST WATER ICE, LLC	Jessica B. Andorn	7878 Highway 80		Savannah	GA	31410	912-335-8096
FROZEN TREATS OF CHICAGO LLC	Harry Jones	340 Town Center Ave	Unit A-4	Suwanee	GA	30024	678-765-2889
	Darrell Cook	*730 3rd Street	Iowa Events Center	Des Moines	IA	50309	515-987-4444
	Darrell Cook	9250 University Ave	Hawthorne Plaza Suite 109	West Des Moines	IA	50266	515-987-4444
	Mohsen Yafai	4841 W 79th St		Burbank	IL	60459	708-423-1745



SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Thomas Ice Works, LLC	Donald G. Thomas Jr.	8910 E 96th St		Fishers	IN	46037	317-598-5111
MAF Investments, LLC	Maria A. Finley	1082 W Lee Dr		Baton Rouge	LA	70820	225-769-2139
Ice Treats, Inc	Patricia A. Shelton	170 Everett Ave		Chelsea	MA	02150	617-889-0302
That's Ice, Inc.	Nancy Gealy	772 W Bel Air Ave		Aberdeen	MD	21001	410-272-4413
TRAVICE, LLC	Travis Bundick	3007 Emmorton Rd		Abingdon	MD	21009	410-569-6007
RED LORRY, LLC	Christina Schwab	911 Bay Ridge Rd	# B	Annapolis	MD	21403	410-216-9458
PURPLE LORRY, LLC	Christina Schwab	1396 Cape St. Claire Road		Annapolis	MD	21409	410-757-0722
FROZEN DREAMS LLC	Kyle B. Hoover	3721 Boston Street		Baltimore	MD	21224	443-216-8828
D&M FROZEN TREATS, LLC	Michael A. Bailey	2550 Quarry Lake Dr		Baltimore	MD	21209	443-334-5139
FROZEN FUTURES, LLC	Michelle Hoover	6305 Kenwood Ave		Baltimore	MD	21237	410-866-2663
EDMONDSON ICES, LLC	Ashish P. Parikh	4408 Edmondson Ave		Baltimore	MD	21229	443-438-7721
M & A Holley, LLC	Albert D. Holley III	301 Light St		Baltimore	MD	21202	410-864-8992
BBTTT Enterprises, LLC	Michael Aladesuru	6796 Reisterstown Rd	Spe 1	Baltimore	MD	21215	410-764-5666
FROZEN DREAMS LLC	Kyle B. Hoover	2033 Eastern Ave		Baltimore	MD	21231	410-732-2663
OMEGAMAN INC.	Walter S. Cook	7698 Belair Rd	Ste 105	Baltimore	MD	21236	410-882-7482
That's Ice, Inc.	Nancy Gealy	223 Brierhill Dr		Bel Air	MD	21015	410-776-3187
Delta Ice, Inc.	Beenish Bhatia	3329 Superior Ln		Bowie	MD	20715	301-464-9690
VICTORIA ICE, INC	Michael Tchou	15430 Old Columbia Pike		Burtonsville	MD	20866	301-421-0013
KLL Water Ice Corporation	Karrn Rioux	2201 E Joppa Rd		Carney	MD	21234	410-661-7482
M & A HOLLEY, LLC	Albert D. Holley III	609 Frederick Rd		Catonsville	MD	21228	443-833-2881
MME, LLC	Paul B. Eberle	30135 Three Notch Rd		Charlotte Hall	MD	20622	301-884-6002
It's All Real Good, Inc.	Jacquelyn Foster	9101 Kinney Pl		Clinton	MD	20735	301-877-2422
Clements Rita's Store, LLC	Thomas W. Clements Jr.	8900 Baltimore Ave		College Park	MD	20740	301-345-5445
	Julie H. Webb	8640 Guilford Rd	Kings Contrivance Village Center Suite B-10	Columbia	MD	21046	443-864-5509
	Julie H. Webb	5485 Harpers Farm Rd	Harpers Choice Village Center Suite C	Columbia	MD	21044	410-992-3721
Gamma Ice, Inc.	Beenish Bhatia	2163 Defense Hwy		Crofton	MD	21114	410-721-7752
Rachel Treats, LLC	Shashank Sagar	7211 Muncaster Mill Rd		Derwood	MD	20850	240-690-4998
Lucid Delusionz, LLC	Michelle Hoover	1099 Merritt Blvd		Dundalk	MD	21222	410-282-0080
KEA ICE, LLC	Joseph R. Anniger	10331 Southern Maryland Blvd	Ste 101	Dunkirk	MD	20754	410-286-7114
Easton Cool Treats, LLC	Barry E. Kitchen	106 Marlboro Ave		Easton	MD	21601	410-770-4439
Alpha Ice, Inc	Beenish Bhatia	120 Mayo Rd		Edgewater	MD	21037	410-956-7444

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Kari's Kool Treats, LLC	Kari M. Boone	1213 Liberty Rd		Eldersburg	MD	21784	410-795-6969
PETA'S JAMAICAN ICE, INC.	Michael E. Chesnutis	6050 Meadowridge Center Dr		Elkridge	MD	21075	443-776-3749
HIS & HER ICE, LLC	Ed Simonson	403 E Pulaski Hwy		Elkton	MD	21921	410-620-1516
Summer Fusion Corporation	Erik Lipton	9095 Frederick Rd		Ellicott City	MD	21042	410-203-1756
ICE GODDESS, LLC	Tawnee N. Taylor	1410 Eastern Ave	Suite A	Essex	MD	21221	410-777-9585
That's Ice, Inc.	Brian D. Hartlieb	220 Mountain Rd		Fallston	MD	21047	410-877-9300
The Prosumer Group, LLC	Nancy Gealy	1510 Rock Spring Rd		Forest Hill	MD	21050	410-836-0611
TR'S ITALIAN ICE, INC	Debbie A. McCrae	2950 Donnell Dr		Forestville	MD	20747	301-669-7399
Icetacular LLC	Lori Rovito	538 W South St		Frederick	MD	21701	301-694-3270
Beta Ice, Inc.	Eric Chung	701 Russell Ave	Lakeforest Mall	Gaithersburg	MD	20877	301-740-3507
DBK Cool Treats, LLC	Beenish Bhatia	12801 Wisteria Dr		Germentown	MD	20874	301-515-4114
Junique Enterprises, LLC	Barry E. Kitchen	7900 Ritchie Hwy	Store # E 105	Glen Burnie	MD	21061	410-844-0349
VICTORIA ICE, INC.	June F. Macon	7381 Baltimore Annapolis Blvd	# A	Glen Burnie	MD	21061	410-590-3900
Futures, LLC	Joshua S. Tinelli	1313 Pennsylvania Ave		Hagerstown	MD	21742	240-513-8013
JOPPATOWNE ICE LLC	Michael Tchou	907 S Main St	Ste E	Hampstead	MD	21074	410-374-0072
CREME GLACEE, LLC	Deborah W. Zimmermann	11307 York Rd		Hunt Valley	MD	21030	443-559-1407
Dudiak Family, LLC	Brian D. Hartlieb	523 Pulaski Hwy		Joppa	MD	21085	410-679-7452
JNH, Inc.	Kimberly C. Resendes	6360 Craun Hwy		La Plata	MD	20646	301-576-8286
J&R COOL TREATS, LLC	Jon B. Dudiak	1055 National Hwy		La Vale	MD	21502	240-362-7109
TRAVICE, LLC	Julie H. Webb	3353 Laurel Fort Meade Rd	Corridor Marketplace # 100	Laurel	MD	20724	301-776-8585
Six Flags Theme Park, Inc.	Robert M. Umoh	810 Nursery Rd	Ste A	Linthicum	MD	21090	410-589-3791
VICTORIA ICE, INC	Erik Lipton	2470 Longstone Ln		Marriottsville	MD	21104	410-988-8637
HIS & HER ICES, LLC	Travis Bundick	162 Carroll Island Rd	Ste 158	Middle River	MD	21220	410-335-7482
K.T.G of Ocean City, LLC	Ramar Vaughan	13710 Central Avenue	Six Flags America	Mitchellville	MD	20721	
LCI CUBED, LLC	Michael Tchou	1603 Ridgeside Dr		Mt. Airy	MD	21771	301-703-8214
JUANITO'S CHILLIN, INC	Ed Simonson	2328 Pulaski Hwy	Unit 1	North East	MD	21901	410-287-0875
Sweet Treatz, INC	William A. Gibbs Jr.	4101 Coastal Hwy		Ocean City	MD	21842	410-524-2875
	David F. Kilpatrick	1111 Odenton Rd		Odenton	MD	21113	410-672-0900
	John M. Costa	9700 Groffis Mill Dr	Ste 9708A	Owings Mills	MD	21117	410-654-0711
	Tune Cheng	9103 Reisterstown Rd		Owings Mills	MD	21117	410-363-7073
	Kendra D. Bibbins	6243 Livingston Rd		Oxon Hill	MD	20745	301-686-0044

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COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
C & A SISTER, INC	Amanda Lam	3013A Mountain Rd		Pasadena	MD	21122	443-817-7482
PERRY HALL ICE, L.L.C.	Brian D. Hartlieb	9648 Belair Rd		Perry Hall	MD	21236	410-529-7742
Calvert Cool Treats, LLC	Barry E. Kitchen	738 Prince Frederick Blvd		Prince Frederick	MD	20678	410-414-9200
Comerstone Ice Cream, Inc.	William Parson	11700 Reisterstown Rd	Ste A	Reisterstown	MD	21136	443-982-9134
ROBBOB ICE, INC	Donna L. Pinzhoffer	831 S Salisbury Blvd		Salisbury	MD	21801	410-251-3666
Jasika's Ice Company, LLC	Robert Marcus	567 Baltimore Annapolis Blvd		Severna Park	MD	21146	410-647-1265
JC DIVINE ICE, LLC	Beverly A. Hicks	13621 Georgia Ave		Silver Spring	MD	20906	301-942-4229
K & L Ice Ventures, LLC	Mary (Cassie) Bishop	13450 HG Trueman Rd		Solomons	MD	20688	410-394-3707
DAD'S ICES, INC.	Linda Austin	210 Kent Lndg		Stevensville	MD	21666	410-604-6350
Epsilon Ice, Inc.	Brian D. Hartlieb	1407 York Rd		Timonium	MD	21093	410- 494-8900
VICTORIA ICE, INC	Daniel MacKerchar III	7206 York Rd	Ste A	Towson	MD	21212	410-583-8808
M & A HOLLEY, LLC	Beenish Bhatia	3312 Leonardtown Rd		Waldorf	MD	20601	301-645-4091
SCC Enterprises, LLC	Michael Tchou	625 Baltimore Blvd	Ste F	Westminster	MD	21157	443-952-7370
DEAN FAMILY ENTERPRISES, LLC	Albert D. Holley III	7171 Security Blvd		Windsor Mill	MD	21244	410-281-1762
Hostetter Ices of Apple Valley LLC	Artesia McNeal Washington	25836 Middlebelt Rd		Farmington Hills	MI	48336	248-893-7557
DRB Holdings, LLC	Carol L. Richmond	12659 Riley Street Suite 10	Riley Street Plaza	Holland	MI	49424	616-298-8793
Moore Ice, Inc	Joseph T. Dean	44809 Hayes Rd		Sterling Heights	MI	48313	586-488-3764
L & L ICE, LLC	Nathanael J. Hostetter	15594 Pilot Knob Rd	Cobblestone Lake Commercial Suite #400	Apple Valley	MN	55124	952-232-6837
8 Treats, LLC	Justin Butler	1016 Diffley Rd	Diffley Marketplace Suite 300	Eagan	MN	55123	651-207-5727
L & L Ice, LLC	David J. Moore	5 Regent Park Blvd	Ste 108	Ashville	NC	28806	828-505-7990
Apex Iceworks, Inc	Leroy Fisher III	1308-A The Plaza		Charlotte	NC	28205	704-526-0492
Tricolor Ice, LLC	Brett Hrovat	16631 Lancaster Hwy	Unit 106	Charlotte	NC	28277	704-542-2258
North 2 South Ice Company, LLC	Leroy Fisher III	2015 E Arbors Dr	The Arbors In Charlotte Suite 260	Charlotte	NC	28262	704-971-5319
WHY NOT PIES, LLC	Beth A. Fegley	*14523 Carowinds Blvd.	Carowinds Amusement Park	Charlotte	NC	28273	919-302-1292
7 Star Ice, LLC	Ya ai (Connie) Zheng	*409 Blackwell Street	Durham Bulls Athletic Park	Durham	NC	27701	919-673-8350
MSA DESSERTS INC.	Chun Wang	345 Western Blvd	Ste D	Jacksonville	NC	28541	910-219-1300
R&A Food Services, LLC	Kenneth M. Sharpe	21209 Nebraska Crossing Dr	Nebraska Crossing Outlets	Gretna	NE	68028	402-332-2956
Bridegi Italian Ices, LLC	Dee Cevoli	453 White Horse Pike		Absecon	NJ	08201	609-677-8866
	Albert Boccuto	1515 Boardwalk		Atlantic City	NJ	08401	609-246-6808
	Ashraf Ashamalla	1347 Kennedy Blvd		Bayonne	NJ	07002	201-520-4519
	David Neigel	412 Springfield Ave		Berkeley Hts.	NJ	07922	908-464-0200

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COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
McPEAK ENTERPRISES, LIMITED LIABILITY COMPANY	David McPeak	252 S White Horse Pike		Berlin	NJ	08009	856-767-2711
TMN, LLC	Thomas DeAngelo	1066 Broad St		Bloomfield	NJ	07003	973-338-7482
Kool Ices, LLC	John Mouradian	628 Mantoloking Rd		Brick	NJ	08723	732-262-1700
LAFS ICES, INC.	Anthony Sbarra	73 Landis Ave		Bridgeton	NJ	08302	856-459-2211
JAZ MAZ Enterprises, LLC	Stephen Zampella	1359 Prince Rodgers Ave		Bridgewater	NJ	08807	908-707-9090
NSGR Ices, LLC	Deepak Verma	21 Juliusstown Rd	PO Box 1654	Browns Mills	NJ	08015	609-893-3000
J ICE TREATS LIMITED LIABILITY COMPANY	Ravandeep Kaur	1205 T High Street		Burlington	NJ	08016	609-387-5535
	Danny Jhocson	401 Main St		Butler	NJ	07405	973-750-1477
SUGAR N ICE LLC	Lisa M. Kuzviwanza	707 Beach Ave		Cape May	NJ	08204	609-884-0229
ELLIS ICES, LLC	Leslie Aharon	1648 Kings Hwy N		Cherry Hill	NJ	08034	856-428-8888
Green Falcon LLC	Masood U. Farooki	Rt 38 & Church Road		Cherry Hill	NJ	08002	856-667-1217
Sweet Tula's, Inc.	Kirk Xenakis	1811 Cinnamonson Ave		Cinnamonson	NJ	08077	856-829-8850
Vanore Enterprises of NJ, Inc.	John Vanore	1344 Blackwood Clementon Rd		Clementon	NJ	08021	856-783-1774
RED 7 ENTERPRISES, LLC	Tom Kowal	2632 Rt. 31 South		Clinton	NJ	08809	908-638-8230
C and H United Corp	Robert Campbell Jr	513-517 Main St		East Orange	NJ	07018	973-395-9040
Locations Sports Brand, Corporation	Bill Bori	*1 MetLife Stadium	MetLife Stadium	East Rutherford	NJ	07073	908-616-0529
R.A.B. Associates of East Windsor, L.L.C.	Wayne Barry	9 Princeton Hightstown Rd		East Windsor	NJ	08520	609-443-7482
NAUGHTY OR ICE, LLC	Keith F. Eyerman	76C Highway 35		Eatontown	NJ	07724	732-460-0075
Tastee Family Ice, Inc	Dorothy Maynor	2303 Woodbridge Ave		Edison	NJ	08817	732-777-0088
Good Day Treats, LLC	Kelly Ho	4 W Palisade Ave		Englewood	NJ	07631	201-731-3219
CONEX ICE IV, LLC	John A. Acconey	125 N Maple Ave		Evesham	NJ	08053	856-596-3230
J&J BUSINESS ENTERPRISES LLC IN EGG ICE WORKS, LP	Joseph K. Conner	1400 Parkway Ave	Ste 1	Ewing	NJ	08628	609-403-8943
GRARUFF ICE, LLC	Vanessa Grant	286 US Highway 206		Flanders	NJ	07836	973-584-7482
PRESTON AND DODD, LLC	Tom Kowal	23 State Route 12		Flemington	NJ	08822	908-284-1618
MANDIP, INC.	Dipak Patel	3175 Route 27	Unit 2	Franklin Park	NJ	08823	732-821-0385
Hooked on Ices, LLC	John Mouradian	47 W Main St		Freehold	NJ	07728	732-409-7482
KENT VERDE, INC	Katie L. Loesch	109 Delsea Dr-S		Glassboro	NJ	08028	856-863-1886
Bergen Ice, LLC	John A. Sekulski	1020 S Maple Ave		Glen Rock	NJ	07452	201-447-4827
Henke Enterprises, LLC	Jeffrey Henke	2465 S Broad St	Ste F5	Hamilton	NJ	08610	609-888-0800
J & D Ices, Inc.	Daniel MacKerchar III	1715 Greenwood Ave		Hamilton	NJ	08609	609-587-3777
JDC ICE WORKS, L.P.	Joseph K. Conner	Nottingham & George Dye Rds		Hamilton Square	NJ	08690	609-587-9607

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COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Ice Men, LLC	Kelly Costello	10 N White Horse Pike		Hammonton	NJ	08037	609-567-8464
GRK ICE LLC	Melissa A. Vernon	381 Triangle Rd	Bldg F	Hillsborough	NJ	08844	908-281-7482
Bergen Ice, LLC	John A. Sekulski	121 Washington St		Hoboken	NJ	07030	201-683-5344
Sabores, LLC	Hilda J. Colon	*116 Garden State Parkway	PNC Bank Center	Holmdel	NJ	07733	732-602-9874
C I S D Management, LLC	Adelaide Sabb	201-205 New Brunswick Avenue	Unit 1 Hopelawn	Hopelawn	NJ	08861	732-934-5000
MEAK GROUP LLC	Marie D. Elmera	693 Lyons Ave		Irvington	NJ	07111	973-399-9898
Six Flags Theme Park, Inc.	Neil Adams	1 Six Flags Blvd.	Six Flags Great Adventure	Jackson	NJ	08527	
M & A Ices, LLC	Matthew Vigliotti	2105 W County Line Rd		Jackson	NJ	08527	732-987-9882
Team Ices, LTD.	Matthew Vigliotti	681 River Ave		Lakewood	NJ	08701	732-901-1296
BMC Ice Works, L.P.	Joseph K. Conner	2070 Brunswick Avenue		Lawrenceville	NJ	08648	609-989-7779
Brennan's Family Ices, Inc.	Jim Brennan	695 Route 9 S		Little Egg Harbor	NJ	08087	609-879-5517
njrita's, LLC	Thomas DeAngelo	66 E Main St		Little Falls	NJ	07424	973-826-7676
Bergen Ice, LLC	John A. Sekulski	184 Essex St	Spc D-2	Lodi	NJ	07644	201-843-0882
Frog Spring Holding, LLC	Charles J. Walters	525 Beckett Rd		Logan Township	NJ	08085	856-467-1500
COUNTY CLARE AMERICAN DESSERTS NJ, LLC	Mark A. Pavlicek	3 Miller Rd		Mahwah	NJ	07430	201-529-4237
Deekow Enterprises, LLC	Deana Chan	50 W Bay Ave		Manahawkin	NJ	08050	609-978-0587
FROSTY THE ICEMAN, LLC	John Mouradian	342 US Highway 9		Manalapan	NJ	07726	732-617-8088
KENT ROJO, INC	Katie L. Loesch	570 Bridgeton Pike		Mantua	NJ	08051	856-468-0404
VANORE ICES OF SJ INC.	John Vanore	194 Route 70		Medford	NJ	08055	609-714-9662
MRC Ice Works, L.P.	Joseph K. Conner	84 Flock Rd	University Plaza Shopping Center	Mercerville	NJ	08619	609-207-7429
GENERAL SWEETS LIMITED LIABILITY COMPANY	Antoinette Kielwasser	1250 Bound Brook Rd		Middlesex	NJ	08846	732-469-8582
MANDIP, INC.	Dipak Patel	4180 Route 1 North	200 B	Momnum Junction	NJ	08852	732-329-2007
MALL ICES, LLC	Leslie Abaron	400 W Route 38	Unit 1660	Moorestown	NJ	08057	856-222-9500
SWEET TULA'S, INC	Kirk Xenakis	250 W Camden Ave		Moorestown	NJ	08057	856-222-0525
MT. HOLLY ICE, LLC	Kristina J. Dera	1862 Burlington Mount Holly Rd		Mount Holly	NJ	08060	609-784-8400
KIDS ICE, INCORPORATED	Kristina J. Dera	3131 Route 38	Ste 15	Mount Laurel	NJ	08054	856-234-7482
Cool Cats, LLC	John Mouradian	2460 State Route 33		Neptune	NJ	07753	732-922-1912
Locations Sports Brands, Corporation	Bill Bori	165 Mulberry Street	Prudential Center	Newark	NJ	07102	908-616-0529
DODACKY, INC.	Danny Jhocson	50 River Rd		North Arlington	NJ	07031	201-428-1356
BTSBD Enterprises, LLC	Thushyanthy R. Balasingham	574 Milltown Rd		North Brunswick	NJ	08902	732-543-0030
TWICE AS COOL, LIMITED LIABILITY COMPANY	Todd E. Murphy	1200 Tilton Rd		Northfield	NJ	08225	609-485-2311

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COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Ghiaccio, LLC	Thomas DeAngelo	401 Centre St		Nutley	NJ	07110	973 826-0676
KDL Ices, LLC	Dan T. Doolin	902 Boardwalk		Ocean City	NJ	08226	609-938-2456
Iceworks, Inc.	Richard C. Salowe	2535 Highway 516		Old Bridge	NJ	08857	732-679-1700
R.A.B. Associates of Sayreville, LLC	Wayne Barry	3310 Washington Rd		Pattn	NJ	08859	732-721-7482
NSGS Ice Cream, LLC	Ravandeep Kaur	4747 Westfield Ave		Pennsauken	NJ	08110	856-317-0116
PLAGGE ENTERPRISES, L.L.C.	Arthur Plagege	277 N Broadway		Pennsville	NJ	08070	856-678-5200
Sweet Emotion, Inc.	Michael Simineri	225 Newark Pompton Tpke	Unit C-2	Pequanmook	NJ	07440	973-694-0900
K AND V FROZEN EMPORIUM, LLC	Jodi L. Kendall	511 Erial Rd		Pine Hill	NJ	08021	856-346-1441
WE ARE COOL, LLC	Stephen Zampella	1297 Centennial Ave		Piscataway	NJ	08854	732-529-6140
RIICH N' CREAMY, LLC	Jasmine N. Giles	111 Terrill Rd		Plainfield	NJ	07062	908-322-3314
OCEAN FOOD ENTERPRISES INC.	Martin Mascia	3009 Route 88		Point Pleasant	NJ	08742	732-892-2244
Princeton Ice and Custard, LLC	Jaime Antell	301 N Harrison St	#290	Princeton	NJ	08540	609-285-5159
Captain Ice, Inc.	Keith Kaminskis	1111 Westfield Ave		Rahway	NJ	07065	732-381-9808
Salty Sweet LLC	Tanja A. Baxter	3905 Route 9 S		Rio Grande	NJ	08242	609-889-7482
OFF Management LLC	Adelaide Sabb	108 Chestnut St		Roselle	NJ	07203	908-245-2112
MCPEAK ENTERPRISES II, LLC	David McPeak	123 W Clements Bridge Road	JMD Plaza Unit113A	Rumemede	NJ	08078	856-312-8747
DiAntonio Water Ice, LLC	Angela DiAntonio	4109 Landis Ave	First Floor - North Side	Sea Isle City	NJ	08243	609-263-0800
MG ICE INC	Maria C. Giangulio	288 Egg Harbor Rd		Sewell	NJ	08080	856-589-9299
THIS IS ICE, LLC	Shannon M. McClure	3321 South Blackhorse Pike	Ardmore Shopping Ct Unit # 3	Sicklerville	NJ	08081	856-875-9533
Jaz Maz Enterprises, LLC	Stephen Zampella	84 W Main St		Somerville	NJ	08876	908-450-7164
ESCALERA ENTERPRISES, INC	Mary Ann Hendri	1901 Park Ave		South Plainfield	NJ	07080	908-755-7765
Warren Ices, LLC	Tom Kowal	450 County Road 519	Unit 450-B	Stewartsville	NJ	08886	908-387-9300
Two M Ices, LLC	Michele Angelo	1801 Long Beach Blvd		Surf City	NJ	08008	609-207-6494
OCEAN FOOD ENTERPRISES INC.	Martin Mascia	1 Premium Outlet Blvd	Jersey Shore Premium Outlets	Tinton Falls	NJ	07753	732-892-2244
Hezron, LLC	Hezron E. Gonzales	938 Fischer Blvd		Toms River	NJ	08753	732-929-1030
Daybreak Foods, Inc.	Maria Mascia	1201 Hooper Ave	Kiosk Tk15	Toms River	NJ	08753	732-349-4879
BAJACS Enterprises, Inc.	Stacey Pirrello	1687 Route 9		Toms River	NJ	08755	732-349-4461
Iceworks, Inc.	Richard C. Salowe	1353 Stuyvesant Ave		Union	NJ	07083	908-688-9060
Zorti Ice, LLC	John Stratis	865 State Route 36		Union Beach	NJ	07735	732-888-9005
WHEATON ICE LLC	Clifford C. Wheaton	3470 S Delsea Dr		Vineland	NJ	08360	856-293-8775
VS Ice, LLC	Michael R. Von Suskil	3638 E Landis Ave		Vineland	NJ	08360	856-205-0339

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COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
ZALESKI ICES, LLC	Stan Zaleski	106 Haddonfield Berlin Rd		Voorhees	NJ	08043	856-429-4452
BENAMAX ICE, LLC	Michael C. Vizzoca	101 Haddon Ave		Westmont	NJ	08108	856-858-1317
Red 7 Enterprises, LLC	Tom Kowal	547 Route 22		Whitehouse	NJ	08889	908-534-0152
Pyramid Ice & Goods, LLC	Vivian Pressley	4364 J Town Ctr		Willingboro	NJ	08046	609-200-1423
Sabores, LLC	Hilda J. Colon	755 Saint George Ave		Woodbridge	NJ	07095	732-602-9874
KENT AZUL, INC	Katie L. Loesch	245 S Broad St		Woodbury	NJ	08096	856-853-1937
Family J. Ice, LLC	Danny Jhocson	191 Hackensack St		Wood-Ridge	NJ	07075	201-728-4033
The Biggest Little Ice Company, LLC	Patrick Croarkin	1650 Robb Dr Ste B4	McQueen Crossings	Reno	NV	89523	775-453-2973
BRAIN FREEZE BROOKLYN, LLC	Yehuda Litvintchouk	1028 Lincoln Place		Brooklyn	NY	11213	347-827-4827
BRAIN FREEZE KH, LLC	Yehuda Litvintchouk	1811 E. 7th Street		Brooklyn	NY	11223	347-827-4827
Brain Freeze Midwood LLC	Yehuda Litvintchouk	1311 51st Street		Brooklyn	NY	11230	347-827-4827
Coney 1037 CORP	Joe DeAngelis	1327 Surf Ave		Brooklyn	NY	11230	347-254-6556
Brain Freeze Flatbush, LLC	Yehuda Litvintchouk	1324 Coney Island Ave		Brooklyn	NY	11224	718-266-7482
RDP ICES, INC	Anne M. Gentile	2158 Deer Park Ave		Deer Park	NY	11729	631-242-8605
Anne's Italian Ice Corp	Anne M. Gentile	887 Hempstead Tpke		Franklin Square	NY	11010	516-455-3938
MEarley, LLC	Mark Earley	2614 Corning Rd		Honseheads	NY	14845	607-398-2150
CAPITAL ICE, LLC	Daniel Rabinowitz	296 Central Ave		Lawrence	NY	11559	516-239-7482
ENT-ICE, Inc.	Kellie Lynch	92 Dolson Ave		Middletown	NY	10940	845-343-7482
Icy Summit Treats, Inc.	Jacob E. Mytelka	421 NY 59	Pavilion II	Monsey	NY	10952	845-406-6785
COUNTRY COOL DESSERTS LLC	Jay J. Rand	287 E Broadway		Monticello	NY	12701	845-796-3000
VARDAN VENTURES INC.	Deepak Verma	4 South Street	LL Space 206	New York	NY	10004	212-943-1800
LBR ICES, INC	Anne M. Gentile	2791 Long Beach Rd		Oceanside	NY	11572	516-415-7330
LINLEY ICE, LLC	Joe Petralia	1900 Clinton Ave S		Rochester	NY	14618	585-360-2891
DIAZ ICES LLC	Edward Diaz	2655 Richmond Avenue Unit 1496		Staten Island	NY	10314	347-934-6155
RENGEL BROTHERS ICE CO.	David Goldes	1881A Commerce St		Yorktown	NY	10598	914-302-7711
Hart Happiness, LLC	Patrick Rengel	2116 Henderson Rd		Columbus	OH	43220	614-457-7290
	Frank J. Hunter	200 Granville St		Gahanna	OH	43230	614-476-2568
	Gregory A. Bell	5254 Franklin St		Hilliard	OH	43026	614-971-9161
	Frank J. Hunter	3371 E Stroop Rd		Kettering	OH	45440	937-296-0822
MESIMO LLC	Matthew E. Simon	50 S Liberty St	Ste 150	Powell	OH	43065	614-505-7482

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COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
	Frank J. Hunter	520 S State St	Ste A	Westerville	OH	43081	614-714-0980
EP ICES, LLC	Richard J. Gaglianese	1700 Old York Rd		Abington	PA	19001	215-706-0707
KOOL BEANS, INC.	Greg J. Rhoads	*4000 Dorney Park Road	Dorney Park	Allentown	PA	18104	610-966-5560
KOOL BEANS, INC.	Greg J. Rhoads	*1050 Ironpigs Way	Coca-Cola Park	Allentown	PA	18109	610-966-5560
GJD Enterprises, LLC	Jack Daryanani	*701 Hamilton Street	PPL Center	Allentown	PA	18101	610-435-4501
KOOL BEANS, INC.	Greg J. Rhoads	*4000 Dorney Park Road	Dorney Water Park	Allentown	PA	18104	610-966-5560
KOOL BEANS, INC.	Greg J. Rhoads	*4000 Dorney Park Road	Dorney Park Midway	Allentown	PA	18104	610-966-5560
GJD Enterprises, LLC	Jack Daryanani	1905 Union Blvd		Allentown	PA	18103	610-434-1010
GJD Enterprises, LLC	Jack Daryanani	1052 W Emaus Ave		Allentown	PA	18103	610-797-6666
GJD Enterprises, LLC	Jack Daryanani	1912-18 Tilghman Street		Allentown	PA	18104	610-435-4501
Bedford Candies Ice, LLC	Tammy L. Wiley	3415 Pleasant Valley Blvd		Altoona	PA	16602	814-623-1545
LJ4 INC.	Lee M. Lising	100 E Butler Ave		Ambler	PA	19002	215-367-5977
ODASE, INC.	David W. Thompson	1227 Bristol Pike		Andalusia	PA	19020	215-245-1782
Brandywine Valley Ices, LLC	Michelle Wojciechowski	5004 Pennell Rd		Aston	PA	19014	610-497-9588
Bedford Candies Ice, LLC	Tammy L. Wiley	106 East Pitt Street		Bedford	PA	15522	814-623-1545
Prystash Group, LLC	James Prystash	720 Tri-County Pl	Store Front 108	Belle Vernon	PA	15012	724-268-3143
Roe-Lipsky Enterprise, INC	Dana Roe	707 Neshaminy Mall, Space 812 K	Neshaminy Mall	Bensalem	PA	19020	215-357-5661
BELLA K, INC	Brian Wood	3610 Bristol Rd		Bensalem	PA	19020	215-757-5333
RJ NAVARRO, LLC	Ray Navarro	5029 Library Rd		Bethel Park	PA	15102	412-854-5299
Lehigh Valley Franchise Corporation	Jason Geake	1907 Stefko Blvd		Bethlehem	PA	18017	610-419-9814
TREAT YOURSELF, LLC	Rick Huckfeldt	101 E Main St		Birdsboro	PA	19508	610-621-2827
Calpino Desserts LLC	Heather C. Calpino	850 Golden Dr		Blandon	PA	19510	484-578-2478
Knice, Inc.	Phil Knittle	1901 Columbia Blvd	Unit #4	Bloomsburg	PA	17815	570-380-7515
Blue Bell Ice Treats, LLC	Louis A. Gioia Jr.	1188 Dekalb Pk		Blue Bell	PA	19422	610-279-5505
Ice to Meet You, LLC	Brian D. Schlegel	309 E Philadelphia Ave		Boyetown	PA	19512	610-473-0074
Brandywine Valley Ices, LLC	Michelle Wojciechowski	4420 Edgmont Ave		Brookhaven	PA	19015	610-876-7633
J. J. Ices Enterprises, Inc.	John A. Kopena	2105 Sproul Rd		Broomall	PA	19008	610-355-0340
HN Ice, Inc.	Hiep T. Nguyen	958 County Line Rd		Bryn Mawr	PA	19010	484-380-3813
Leitzels Ice, LLC	Stephen R. Lettzel	301 South Logan Blvd		Burnham	PA	17009	717-953-9852
J & R Cool Treats, LLC	Rita K. Gooding	500 S Hanover St		Carlisle	PA	17013	717-241-6310
3 Men & A Gelati, LLC	Tatum Schomburg	220 Wilmington W Chester Pike	West Chester Pike	Chadds Ford	PA	19317	610-459-8249



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COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
LJ4 INC.	Lee M. Lising	3322 Limekiln Pike		Chalfont	PA	18914	215-997-5777
CHALFONT ICE, LLC	Matt Gleave	178 E Butler Ave		Chalfont	PA	18914	215-822-5094
Plum Run Ices, Inc.	James E. Plummer	640 E Penn Ave		Cleona	PA	17042	717-306-4217
ALFRESCO ICES, INC	Bev McNutt	222 W Main St	Collegeville S. C.	Collegeville	PA	19426	610-489-5804
S&J Ices, Inc.	John Vanore	445 MacDade Blvd		Collingdale	PA	19023	610-461-1455
PLYMOUTH ICE LLC	Louis A. Gioia Jr.	201 W Ridge Pike		Conshohocken	PA	19428	610-940-1505
Northern Ice, Inc.	Megan K. Miller	1302 Freedom Rd	Ste 200	Cranberry Twp.	PA	16066	724-776-1966
OKAY-DOKAY, INC	Jennifer J. Root	409 Bristol Pike		Croydon	PA	19021	215-788-4423
JKJM, LLC	James M. Young Jr.	105 Northumberland St		Danville	PA	17821	570-275-7515
Pierce Frozen Desserts, LLC	Deborah Pierce	84 W Lancaster Ave		Downingtown	PA	19335	610-269-6783
Savage Sweets, Inc.	Thomas C. Savage	4403 W Swamp Rd	Cross Keys Plaza	Doylestown	PA	18902	215-340-9913
Calvy Sherer Ices, Inc.	Ronald Calvy	5060 Township Line Rd		Drexel Hill	PA	19026	610-446-0209
SM Ice, Inc.	Susan Motyka	139 S Blakely St		Dunmore	PA	18512	570-504-5948
Palmer Water Ice Limited Liability Company	Jestie H. Higgins	3730 William Penn Hwy		Easton	PA	18045	610-250-9110
Elias Italian Ice L.L.C.	Khalil E. Yaacoub	1435 Chester Pk		Eddystone	PA	19022	484-487-3191
Vinnie's Ice Dreams, LLC	Damon Suglia	30 N Market St		Elizabethtown	PA	17022	717-367-9985
EP ICES, LLC	Richard J. Gaglianese	110 Yorktown Plz	110 Yorktown Plaza	Elkins Park	PA	19027	215-886-7482
Lehigh Valley Franchise Corporation	Joel Tilli	610 Chestnut St		Emmaus	PA	18049	610-965-6899
MSMD, LLC	David L. Metzler	290 S Reading Rd		Ephrata	PA	17522	717-466-6161
Enz 5 Ice, LLC	Deborah A. Enzbrenner	1406 W Gore Rd	Millcreek Twp.	Erie	PA	16509	814-868-8621
Pierce Innovations, Inc	Deborah Pierce	543 Wellington Sq	Eagleview Town Center Retail Building I	Exton	PA	19341	610-458-1974
Cherry Ices, Inc.	Robin Cummings	1401 Bridgetown Pike		Feasterville	PA	19053	215-322-8774
1527 BETHLEHEM, LLC	Jason Klotkowski	1527 Bethlehem Pike		Flourtown	PA	19031	267-422-3486
KOOL BEANS, INC.	Greg J. Rhoads	7525 Tlighthouse St		Fogelsville	PA	18051	484-460-2692
VANORE ENTERPRISES, INC.	John Vanore	1550 Macdade Blvd		Folsom	PA	19033	610-586-7330
Doylestown Ice DOWNTOWN, Inc.	Mike Sodi	790 Edison Furlong Rd		Furlong	PA	18925	215-794-8388
Pierce Innovations, Inc	Kevin Pierce	5351 Lincoln Hwy		Gap	PA	17527	717-442-7977
Village Ices, Inc.	Anne Knox	523 Baltimore St		Gettysburg	PA	17325	717-338-9090
FJ Ice, LLC	Jason Geatke	1268 Route 209	Ste A	Gilbert	PA	18331	610-951-6040
EP ICES, LLC	Richard J. Gaglianese	520 N Easton Rd		Glenside	PA	19038	215-885-7181
HICKORY FALLS FAMILY ENTERTAINMENT CENTER, INC	Rick A. Martz	110 Hickory Ln		Hanover	PA	17331	717-632-9907

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
3 Shore Things, LLC	Nicolas L. Shore	329 Main St		Harleysville	PA	19438	215-256-4606
Captain Jack's Snacks, LLC	John C. Taylor	4151 Lingelstown Rd	# A	Harrisburg	PA	17112	717-671-8772
Captain Jack's Snacks, LLC	John C. Taylor	3884 Union Deposit Rd		Harrisburg	PA	17109	717-671-0888
Ice on the Pike, LLC	Ronald Calvy	500 W Chester Pike		Havertown	PA	19083	484-453-8537
Scoping For a Living, LLC	Thomas P. Esposito	55 W Eagle Rd		Havertown	PA	19083	610-789-8808
Clow'd 9 Ice, LLC	Thomas C. Boock	741 Airport Rd		Hazleton	PA	18202	570-459-2955
J S Hometown Sports, LLC	Natalie Clow	1130 Main St		Hellertown	PA	18055	610-838-2000
Hershey Entertainment & Resorts Company	John J. Sarandrea	2393 E State St		Hermitage	PA	16148	724-308-7713
Shepsice, LLC	Tony Tinsley	100 W Hersheypark Drive	Hersheypark	Hershey	PA	17033	
Babette's Treats, LLC	Jeremiah C. Shepperson	246 2nd St		Highspire	PA	17034	717-939-9820
DD ICE, LLC	Bill Jaimini	1468 Buck Rd	Village Shires Shopping Center Unit B-1	Holland	PA	18966	215-504-1969
The Ice Is Right, Inc	David E. Willig	1000 Sandcastle Drive		Homestead	PA	15120	215-284-8530
Jay's Ice and Custard, LLC	Kathleen Tebin	220 Claremont Ave		Homstown	PA	18252	570-668-1460
HV Ice Treats, LLC	William P. (Jay) Jackson III	139 S Hanover St		Hummelstown	PA	17036	717-482-8916
Pierce Innovations, Inc	Paul (Scott) Mikuta	2024 County Line Rd		Huntingdon Valley	PA	19006	215-953-1998
DKZ INVESTMENT, LLC	Deborah Pierce	3526 Old Philadelphia Pike	Building Three	Intercourse	PA	17534	717-768-7555
SM Ice Inc.	Kristy Fang	826 E. Baltimore Pike		Kennett Square	PA	19348	610-925-0500
Pierce Innovations, Inc	Susan Motyka	355 Market St		Kingston	PA	18704	570-331-9135
Britin Cool Treats, LLC	Deborah Pierce	2249 Lincoln Hwy.		Lancaster	PA	17602	717-442-7977
Britin Cool Treats, LLC	Mark J. Heim	6 N Prince St		Lancaster	PA	17603	717-984-2548
Hosler's Treats 'N Eats, LLC	Mark J. Heim	2000 Columbia Ave		Lancaster	PA	17603	717-435-9979
CTD Ices, Inc.	Philip J. Hosler	1585 Manheim Pike		Lancaster	PA	17601	717-569-5651
TYSYD LLC	J. Curtis Stumpf	1951 Lincoln Hwy E		Lancaster	PA	17602	717-394-2300
RBMRD, LLC	Kenneth M. Ott	2382 Durham Rd		Langhorne	PA	19047	215-269-4800
The Ice Is Right, Inc	Roger DiFrangia	214 N Broad St		Lansdale	PA	19446	215-368-5010
Fig and the Finch, LLC	Kathleen Tebin	1068 Blakeslee Boulevard Dr E		Lehighton	PA	18235	610-379-5434
Wagner Ice Works, Inc.	Stephanie Simmons	842 Market St		Lemoyne	PA	17043	717-731-8275
CTD Ices, Inc.	Glenn Wagner	8621 New Falls Rd		Levittown	PA	19058	215-547-9660
KOOL BEANS, INC.	J. Curtis Stumpf	46 Peters Rd		Lititz	PA	17543	717-625-4991
Heavenly Ice, Inc.	Greg J. Rhoads	100 W Main St	P.O. Box 72	Macungie	PA	18062	610-966-5560
	Frank Schiavo	430 Lancaster Ave		Malvern	PA	19355	610-644-2920

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
HOSLERS TREATS 'N EATS, LLC	Philip J. Hosler	85 Doe Run Rd	Store #13	Manheim	PA	17545	717-664-2102
	Paige M. Zilner	6154 Steubenville Pike		McKees Rocks	PA	15136	412-722-0287
The Ice Stop, LLC	Mark Stopperich	4013 Washington Rd		McMurray	PA	15317	724-941-5004
MJC ICES, LLC	Jennifer Cheeseman	220 S Providence Rd		Media	PA	19063	610-566-2283
RBMRD, LLC	Roger DiFrangia	762A Horsham Rd		Montgomeryville	PA	18936	215-368-5151
Pierce Frozen Treats, LLC	Deborah Pierce	3080 Main St		Morgantown	PA	19543	610-286-1902
FORTYNINE ICES, LLC	Andy Werthman	815 W Trenton Ave		Morrisville	PA	19067	215-736-2656
2 Kool Guyz Ice, LLC	Beth A. Johnson	613 Pocono Blvd		Mount Pocono	PA	18344	570-839-6955
Gelati Gioia, Inc.	Teddy N. Test	809 E Main St		Mt. Joy	PA	17552	717-653-0567
JLC Enterprise, LLC	Jay Calandra	52 E Lawn Rd		Nazareth	PA	18064	610-746-3383
DEM Ices, Inc	Mitchell S. Cove	14 Swamp Rd		Newtown	PA	18940	215-968-8668
Norristown Ice, LLC	Chuck Stevenson	2810 W. Ridge Pike		Norristown	PA	19403	610-631-8492
DD Ice, LLC	Louis A. Gioia Jr.	1727 Markley St		Norristown	PA	19401	610-292-8575
DKZ INVESTMENT, LLC	David E. Willig	3712 5th Ave	Oxford Square Shopping Center Suite 453	Oakland	PA	15213	412-621-6423
Plum Run Ices, Inc.	Kristy Fang	453 N 3rd St		Oxford	PA	19363	610-932-2523
JETTE Ice, LLC	James E. Plummer	629 E Main St		Palmyra	PA	17078	717-838-3350
MJM Ices, LLC	F. Todd Waldbuesser	1776 E Lancaster Ave		Paoli	PA	19301	610-889-0100
OKAY-DOKAY, INC	Michael J. Morrison	11833 Frankstown Rd		Penn Hills	PA	15235	412-798-3280
PENNS CUP ICE, LLC	Jennifer J. Root	448 W Lincoln Hwy		Pennel	PA	19047	215-741-1020
Wudder Ice, Corp.	Matt Gleave	427 Pottstown Ave		Pennsburg	PA	18073	215-679-3301
B&J 157, LLC	Thomas J. Young	7 N 7th St		Perkasie	PA	18944	215-258-1140
B&J 157, LLC	Brad Leventhal	3400 West Girard Avenue		Philadelphia	PA	19104	215-309-3355
B&J 157 LLC	Brad Leventhal	3601 South Broad Street	Wells Fargo Center	Philadelphia	PA	19145	215-309-3355
RJJ Ice Treats, LLC	Brad Leventhal	*1101 Arch Street	PA Convention Center	Philadelphia	PA	19107	215-309-3355
RJJ MOBILE, LLC	Bob Bauter	5815 Wayne Ave		Philadelphia	PA	19144	267-335-5906
RJJ MOBILE, LLC	Jason Klotkowski	*5201 Parkside Avenue	Mann Center	Philadelphia	PA	19144	215-483-4000
B&J 157 LLC	Jason Klotkowski	*2400 Strawberry Mansion Drive	Dell Music Center	Philadelphia	PA	19132	215-483-4000
DSL ICE TREATS, LLC	Brad Leventhal	*1 Lincoln Financial Way	Lincoln Financial Field	Philadelphia	PA	19147	215-309-3355
PHILLY EP ICES, LLC	Jason Klotkowski	8945 Ridge Ave		Philadelphia	PA	19128	267-385-7038
PHILLY EP ICES, LLC	Craig A. Lerch Jr.	100 E Rockland St		Philadelphia	PA	19120	267-335-4686
PHILLY EP ICES, LLC	Craig A. Lerch Jr.	5744 N Mascher St		Philadelphia	PA	19120	267-368-5311

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
PHILLY EP ICES, LLC	Craig A. Lerch Jr.	2271 W Hunting Park Ave		Philadelphia	PA	19140	267-639-6373
kemi LLC	Kenneth Lee	2124 South St		Philadelphia	PA	19146	267-428-3533
MT. AIRY ICES, INC	David Restituto	8201 Stenton Ave		Philadelphia	PA	19150	215-242-0206
STENTON ICES, INC	David Restituto	6901 Stenton Ave		Philadelphia	PA	19138	215-424-2301
Papa's Ices, Inc.	Anmarie Brown	8601 Frankford Ave		Philadelphia	PA	19136	215-331-1133
B&J 157, LLC	Brad Leventhal	1901 W Oregon Ave		Philadelphia	PA	19145	215-309-3355
MJ 2, LLC	John G. Gates	1511 Spruce St		Philadelphia	PA	19102	215-545-7661
Roe-Lipsky Enterprises INC	Dana Roe	1455 Franklin Mills Cr., Kiosk-20	Franklin Mills Mall	Philadelphia	PA	19154	215-612-1718
Cool Ices, Inc	David Restituto	6200 Frankford Ave	Ste A	Philadelphia	PA	19135	215-533-2242
CHILLIN SWEET, LLC	Thomas P. Esposito	7718 City Ave	City Avenue S.C.	Philadelphia	PA	19151	215-397-4325
NONNA'S ICES, INC.	Alan Brown	2991 Welsh Rd		Philadelphia	PA	19152	215-676-0900
Philly EP Ices, LLC	Craig A. Lerch Jr.	1923 E Hunting Park Ave		Philadelphia	PA	19124	215-535-1344
JIM Ices, inc.	Jordan L. Kasner	2311 Cottman Ave	Roosevelt Mall NE #48	Philadelphia	PA	19149	215-332-4404
RON'S ICY COLD, INC	Ron Kauffman	2499 Aramingo Ave	Ste H	Philadelphia	PA	19125	215-425-8150
Judi's Ice, L.L.C.	Jason Klotkowski	499 Domino Ln		Philadelphia	PA	19128	215-483-4000
MJ 1, LLC	John G. Gates	239 South St		Philadelphia	PA	19147	215-629-3910
JEM Ices, Inc.	Jordan L. Kasner	1709 Grant Ave		Philadelphia	PA	19115	215-673-9490
COTTMAN AVENUE ICES, INC	David Restituto	7112 Frankford Ave		Philadelphia	PA	19135	215-335-1331
E & M Ices, Inc., Kickin Ice Inc.	Jordan L. Kasner	1901 Rhaawn St		Philadelphia	PA	19111	215-745-5417
LA ICES, INC	Jordan L. Kasner	161 Byberry Rd		Philadelphia	PA	19116	215-676-3464
RISING SUN ICES, INC	David Restituto	5901 Rising Sun Ave		Philadelphia	PA	19120	215-342-2500
LCMBP, INC	Anmarie Brown	3244 Red Lion Rd		Philadelphia	PA	19154	215-637-1936
TWICE AS ICE, INC	Bev McNutt	411 Schuylkill Rd		Phoenixville	PA	19460	610-933-7742
Emily's Ice Works, LLC	Susan Meador	427 McNeilly Rd		Pittsburgh	PA	15226	412-808-1228
Fizy Ice L.L.C.	Jeremiah W. Fitzgerald	2070 Greentree Rd		Pittsburgh	PA	15220	412-534-9011
Northern Ice 2, LLC	Patrick L. Miller	1320 Babcock Blvd		Pittsburgh	PA	15209	412-821-7482
K4 Enterprises, LLC	Stephen R. Korb	5880 Forbes Ave		Pittsburgh	PA	15217	412-421-1941
Italian Ice of PGH, Inc	James K. Mincin	229 Curry Hollow Rd		Pittsburgh	PA	15236	412-655-8470
The 3 Sister's Crafty Custard Cafe, LLC	Chanelle T. Bishop-Gilyard	2323 Pottstown Pk		Pottstown	PA	19465	610-469-6669
Keep Your Cravings on Ice, LLC	Brian D. Schlegel	1350 N Charlotte St		Pottstown	PA	19464	610-970-5152
JUST PAZZO ICE, INC	Bev McNutt	501 W Schuylkill Rd	The Shoppes at Coventry Square #5	Pottstown	PA	19465	610-718-9291

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
T & G Ice, Inc.	Gregory McElvaney	1640 Mount Hope Ave		Pottsville	PA	17901	570-628-0350
Underwood Food Services, LLC	Kate E. Gerhart	534 West Broad Street		Quakertown	PA	18951	267-373-9120
Calpino Desserts LLC	Heather C. Calpino	1124 Lancaster Ave	#30	Reading	PA	19607	610-796-2885
BDLJ, LTD.	Brian T. Covely	3403 N 5th Street Hwy		Reading	PA	19605	610-929-9310
ROCKIN' RAW ICE, LLC	Christine M. Roberts	617 Lombard Rd		Red Lion	PA	17356	717-246-7007
B & D Wood-R-Ice, Inc	Brian Wood	722 2nd Street Pike		Richboro	PA	18954	215-355-9676
Mayim Ices, Inc.	Mitchell S. Cove	136 Huntingdon Pike		Rockledge	PA	19046	215-379-1277
ALFRESCO ICES II, INC	Bev McNutt	70 Buckwalter Rd	Limerick Square Shopping Center #360	Royersford	PA	19468	610-948-3200
PMC316, Inc.	Michael Stambaugh	4041 Route 309		Schnecksville	PA	18078	610-799-5383
T & G Ice, Inc.	Gregory McElvaney	277 Route 61 S		Schuylkill Haven	PA	17972	570-385-9000
FJICE, LLC	Jason Geake	1019 S Washington Ave		Scranton	PA	18505	570-507-9986
FJICE, LLC	Jason Geake	534 Scranton Carbondale Hwy		Scranton	PA	18508	570-871-4625
DIVINE ICE, INC.	Diane L. Edmiston	1568 N Susquehanna Trl		Selinsgrove	PA	17870	570-743-1618
CFOUR CONFECTIONS, LLC	Frank A. Cressler	10016 Molly Pitcher Hwy		Shippensburg	PA	17257	717-532-9886
	Christopher L. Rowe	466 Shrewsbury Commons Ave		Shrewsbury	PA	17361	717-235-8588
BDLJ, LTD.	Brian T. Covely	1 Shillington Rd		Sinking Spring	PA	19608	610-678-8290
NOAH'S, INC.	Joshua Nowotarski	3104 Perkiomen Ave		St. Lawrence	PA	19606	610-575-0020
SAI ICE, Inc	Mehulbhai R. (Mike) Patel	119 E Beaver Ave		State College	PA	16801	814-231-1366
LAUREL ICE, LLC	Sara A. Carey	1319 N 5th St		Stroudsburg	PA	18360	570-420-8099
Cones N Ices, LLC	Mohamad Kakhia	1550 Garrett Rd		Upper Darby	PA	19082	610-284-7482
LT Ice Queens, LLC	Jennifer L. Schatz	405 S Best Ave		Walnutport	PA	18088	610-767-4907
Warminster Ices, Inc.	Brian Wood	390 York Rd		Warminster	PA	18974	215-672-0992
eLTeez LLC	Robert Lee Turner Jr.	1380 Easton Rd	Warrington Shopping Center Unit 1	Warrington	PA	18976	215-343-5650
B-Nice, LLC	William J. Steinke	29-31 Easton Rd		Warrington	PA	18976	267-483-5308
The Ice Stop at Trinity Point, LLC	Mark Stopperich	74 Trinity Point Dr		Washington	PA	15301	724-222-0160
Kool Beans, Inc.	Greg J. Rhoads	5681 Hamilton Blvd		Wescosville	PA	18106	610-481-9310
J. J. Ices Enterprises, Inc.	John A. Kopena	323 E Gay St		West Chester	PA	19380	610-738-9090
DD ICE, LLC	David E. Willig	4800 Kemywood Blvd.		West Mifflin	PA	15122	215-284-8530
Gorn Enterprises, LLC	Judy Gorniak	10376 Perry Hwy		Wexford	PA	15090	724-940-3939
Icicles, Inc.	Lisa Coder	1985 Lincoln Way	Rainbow Village Shopping Center	White Oak	PA	15131	412-673-7482
GJD Enterprises, LLC	Jack Daryamani	2874 MacArthur Rd		Whitehall	PA	18052	610-439-1100

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
CI Ice, Inc.	Ronald Insinger	1849 E 3rd St		Williamsport	PA	17701	570-326-2943
Willow Grove Ices, LLC	Louis A. Gioia Jr.	1135 York Rd		Willow Grove	PA	19090	215-659-1047
ICE AGE ENTERPRISES, LLC	James Taviamini	501 E Moorestown Rd	#9	Wind Gap	PA	18091	610-881-4183
TK ICE TREATS, LLC	Jason Klotkowski	1000 Easton Rd		Wyncote	PA	19095	215-572-0222
900 E. WILLOW GROVE, LLC	Jason Klotkowski	900 E Willow Grove Ave		Wyndmoor	PA	19038	215-948-3657
York Cool Ice, Inc	Todd A. Gettys	351 Loucks Rd		York	PA	17404	717-846-2665
ROCKIN' RAW ICE, LLC	Christine M. Roberts	901 S Queen St		York	PA	17402	717-846-6893
ROCKIN' RAW ICE, LLC	Christine M. Roberts	3000 E Market St		York	PA	17402	717-757-5152
L & S ICE TREATS, LLC	Susan Leidy-Slack	1202 N Gravel Pike		Zieglerville	PA	19492	610-287-2033
THE RED LETTER GROUP, LLC	Brett Hrovat	*University of South Carolina		Columbia	SC	29208	803-200-3639
THE RED LETTER GROUP, LLC	Brett Hrovat	800 Lady Street		Columbia	SC	29201	803-200-3639
Aikens Enterprise, LLC	James L. Aikens Jr.	804 2nd Loop Rd		Florence	SC	29505	843-799-5006
Poppin' Sweets, Inc.	Melanie D. Powell	857 Stockbridge Dr	Stockbridge Commons	Fort Mill	SC	29708	803-547-7671
ABCD TREATS OF GREENVILLE, L.P.	Stephen M. Fleming	2400 N Pleasantburg Dr	Ste A	Greenville	SC	29609	864-436-1301
MRT, INC.	Dave Tremarelli	Ritas Coligny Plz		Hilton Head	SC	29928	843-686-2596
UpstateSCIce, LLC	Rick McFeely	1608 Sendifer Blvd	Suite B	Seneca	SC	29678	864-873-9019
JT&G, LLC	Trisha Rubino	7171 Nolensville Rd		Nolensville	TN	37135	615-776-2100
BCK Treats, Inc.	Brian C. Kibler	3152 US 441 Parkway	Pine Mountain Shopping Center, Suite 1A	Pigeon Forge	TN	37863	865-366-1468
Beyond Ice, LLC	Jerry C. Shirer	101 E Abram St	Ste 120	Arlington	TX	76010	817-538-9292
FIVE WISE GUYS, LLC	David Lewis	501 N Industrial Blvd	Ste 200	Bedford	TX	76021	817-354-6423
McKices Corporation	Mark McKenna	6026 Seawall Blvd	Ste E	Galveston	TX	77551	409-744-4237
MC Source, LLC	Mirlenis D. Martinez	2802 White Oak Dr		Houston	TX	77007	832-987-4827
SWEET KING, LLC	Eric F. King	4608 W Partridge Hill La	Suite B-120	Riverton	UT	84096	385-529-5376
SWEET KING, LLC	Emily King	7574 South Campus View Dr	#102	West Jordan	UT	84084	801-987-8192
	Mark Cardiff	501 Kempsville Rd	Ste 102	Chesapeake	VA	23320	757-410-8850
RKD Ices, LLC	Diana L. Black	16000 Theme Park Way	Kings Dominion	Doswell	VA	23047	540-907-3072
Ice JERKs, LLC	Jacque Whang	10726 Fairfax Blvd		Fairfax	VA	22030	703-272-7373
Fredericksburg Ice, LLC	Richard T. North	11105 Leavells Rd	Leavells Square Unit # 6	Fredericksburg	VA	22407	540-891-5526
Peninsula ICH, LLC	Jerry Crissman	2328 W Mercury Blvd		Hampton	VA	23666	757-827-2846
Dunhill Frozen Dessert Company, LLC	Kristen Vicencio	1606 Village Market Blvd SE	Ste 100	Leesburg	VA	20175	703-771-4600
Passion Fruits, Inc.	Jerry Crissman	12286 Warwick Blvd		Newport News	VA	23606	757-595-5992

SHOPS OPEN AS OF SEPTEMBER 30, 2020

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Dunhill Frozen Dessert Company, LLC	Kristen Vicencio	116 Church St NW		Vienna	VA	22180	703-272-8564
Terminello, LLC	Erica A. Terminello	4640 Shore Dr	Ste 111	Virginia Beach	VA	23455	757-390-4890
Terminello LLC	Erica A. Terminello	5256 Providence Rd	Ste B	Virginia Beach	VA	23464	757-474-2770
Okie Corporation	Jang Woo Lee	220D Monticello Ave		Williamsburg	VA	23185	757-259-7482
Jai Ganesh AAR, Inc.	Chintan K. Patel	2601 George Washington Mem Hwy.	Walmart	Yorktown	VA	23693	757-867-7935

\* Denotes one of the eighteen shops in the Rita's franchise system that are located in a special venue or captive venue that did not open in 2020 because of various federal, state and local governments issued state of emergencies, shelter-in-place, stay-at-home and/or other restrictions or orders regulating businesses and citizens resulting from the COVID-19 pandemic. These shops remain operational and part of the Rita's franchise system, but are temporarily not providing.

**SHOPS TRANSFERRED IN THE PREVIOUS FISCAL YEAR**

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Frozen Happiness, LLC	Kenneth E. Smith	13864 W. Bell Avenue	Suite 101	Surprise	AZ	85374	602-743-2203
Stephyrus, Inc.	Stephanie Patel	222 Mount Hermon Road	Suite K	Scotts Valley	CA	95066	831-431-8528
Kool Treats LLC	Carmine T. Minio Jr.	18701 Coastal Hwy.	Midway Galleria, Unit #5	Rehoboth Beach	DE	19971	302-645-4501
210 services, LLC	Stephanie Chuipek	515 N. Park Avenue		Apopka	FL	32712	321-256-9111
PPC Investments, LLC	Annie Kim	3530 Ashford Dunwoody Road NE		Atlanta	GA	30319	770-986-9335
RED LORRY, LLC	Christina Schwab	911 Bay Ridge Road, #B		Annapolis	MD	21403	410-216-9458
PURPLE LORRY, LLC	Christina Schwab	1396 Cape St. Claire Road		Annapolis	MD	21409	410-757-0722
M & A Holley, LLC	Albert D. Holley III	301 Light Street		Baltimore	MD	21202	410-864-8992
MME, LLC	Paul B. Eberle	30135 Three Notch Road		Charlotte Hall	MD	20622	301-884-6002
Kari's Kool Treats, LLC	Kari M. Boone	1213 Liberty Road		Eldersburg	MD	21784	410-795-6969
Hostetter Ices of Apple Valley LLC	Nathanael Hostetter	15594 Pilot Knob Road, Suite #400	Cobblestone Lake Commercial	Apple Valley	MN	55124	952-232-6837
Green Falcon LLC	Masood U. Farooki	Rt. 38 & Church Road		Cherry Hill	NJ	08002	856-667-1217
GRK ICE LLC	Melissa Vernon	381 Triangle Road	Bldg. F	Hillsborough	NJ	08844	908-281-7482
MEAK GROUP LLC	Marie D. Elmera	693 Lyons Avenue		Irvington	NJ	07111	973-399-9898
BTSBD Enterprises, LLC	Balan Balasingham	574 Millietown Road		North Brunswick	NJ	08902	732-543-0030
Two M Ices, LLC	Michele Angelo	1801 Long Beach Blvd.		Surf City	NJ	08008	609-207-6494
Calpino Desserts LLC	Heather Calpino	850 Golden Drive		Blandon	PA	19510	484-578-2478
S&J Ices, Inc	Samantha McQuade	445 MacDade Blvd.		Collingdale	PA	19023	610-461-1455
Pierce Frozen Desserts, LLC	Deborah Pierce	84 W. Lancaster Avenue		Downingtown	PA	19335	610-269-6783
Savage Sweets, Inc.	Thomas C. Savage	4403 W. Swamp Road	Cross Keys Plaza	Doylestown	PA	18902	215-340-9913
Elias Italian Ice L.L.C.	Khalil Yaacoub	1435 Chester Pike		Eddystone	PA	19022	484-487-3191
Enz 5 Ice, LLC	Deborah A. Enzbrenner	1406 W. Gore Road	Millcreek Twp.	Erie	PA	16509	814-868-8621
Shepsice, LLC	Jeremiah Shepperson	246 2nd Street		Highspire	PA	17043	717-939-9820
HV Ice Treats, LLC	Paul Mikuta	2024 County Line Road		Huntingdon Valley	PA	19006	215-953-1998
TYSYD LLC	Kenneth Ott	2382 Durham Road		Langhorne	PA	19047	215-269-4800
JDubNifsky, LLC	Jennifer Schatz	2015 Main Street		Northampton	PA	18067	610-262-9020
Calpino Desserts LLC	Heather Calpino	1124 Lancaster Avenue #30		Reading	PA	19607	610-796-2885
eTeetz LLC	Robert Turner	1380 Easton Road, Unit 1	Warrington Shopping Center	Warrington	PA	18976	215-343-5650
MC Source, LLC	Mirlenis Martinez	2802 White Oak Drive		Houston	TX	77007	832-987-4827



**SHOPS CLOSED IN PREVIOUS FISCAL YEAR**

COMPANY	CONTACT	SHOP ADDRESS	SHOP ADDRESS 2	CITY	STATE	ZIP	PHONE
Phase 2 Investment Holding, Inc.	Magnesh R. Patel	*4177 Montgomery Hwy.	Suite 6	Dothan	AL	36303	334-699-7003
Frozen Happiness, LLC	Steven C. Bagshaw	2975 E. Ocotillo Road	Artesian Marketplace, Suite 6	Chandler	AZ	85249	408-6951647
GRANITA TREATS, LLC	Kenneth E. Smith	*13864 W. Bell Road	Suite 101	Surprise	AZ	85201	623-584-0712
JCRR CORPORATION	Franco Lofranco	740 S. Mill Avenue		Tempe	AZ	85281	480-389-3530
Central Valley Ice, Inc.	Jose Bernabe	7893 Walerga Road	Antelope Marketplace, Suite 105	Antelope	CA	95843	209-938-9384
Chella's Ice, LLC	Nicholas Schutte	2830 Shaffer Road		Atwater	CA	95301	209-499-3241
Central Valley Ice, Inc.	Ramiya Ramamurthy	475 E. Campbell Avenue		Campbell	CA	95008	520-437-8502
ECR INVESTMENTS INC.	Nicholas Schutte	1515 Mitchell Road	Ceres Valley Marketplace, Suite 6	Ceres	CA	95307	209-499-3241
Samaron Inc.	Eric Sha	1195 Shaw Avenue	Sierra Pavilions Shopping Ctr., Suite 101	Clovis	CA	93612	213-839-3217
Stansbe Treats, LLC	Brian Kim	4114 Sepulveda Blvd.	Culver Crossroads Shopping Ctr., Suite C	Culver City	CA	90230	213-804-5648
Menacing Vegetable Ventures, Inc.	Steven C. Stansberry	8519 Bond Road	Suite 102	Elk Grove	CA	95624	916-524-2461
ECR INVESTMENTS INC.	Michael Kane	1177 Riley Street		Folsom	CA	95630	916-715-7739
ECR INVESTMENTS INC.	Eric Sha	1102 E. Champlain Drive	Suite 108	Fresno	CA	93720	213-839-3217
ODS Ice Dream, LLC	Eric Sha	3520 N. Blackstone Avenue, Suite P104	Manchester Center	Fresno	CA	93726	213-839-3217
Busiby, LLC	Stacie Rodriguez-Lyons	1067 C Street	Galt Plaza Shopping Ctr., #140	Galt	CA	95632	209-662-4960
EAST BAY WATER ICE, INC.	Lord Byron B. Cabugao	865 W Route 66		Glendora	CA	91740	626-335-6318
Central Valley Ice, Inc.	Matthew R. Seever	26775 Hayward Blvd	University Plaza Shopping Plaza Suite H	Hayward	CA	94542	510-342-5139
ODS Ice Dream, LLC	Nicholas Schutte	16609 South Harlan Road		Lathrop	CA	95330	209-499-3241
Central Valley Ice, Inc.	Stacie Rodriguez-Lyons	1448 Hulsey Way		Manteca	CA	95336	209-662-4960
ZA Media, Inc.	Nicholas Schutte	2001 McHenry Avenue		Modesto	CA	95350	209-499-3241
ARELLANO & ASSOCIATES INC.	Arif Muhammad	9002 Tampa Avenue		Northridge	CA	91324	626-354-2931
Rita's Scripps Poway Parkway, Inc.	Gregory J. Arellano	320 Saint Mary Street		Pleasanton	CA	94566	650-380-8008
Amiracle Ice Company LLC	Jeffrey B. Larsen	1080 E. Cypress Avenue	Cypress Pointe Shopping Cnt., Suite G	Redding	CA	96002	408-655-4560
Amiracle Ice Company LLC	Denise N. Escola	10585 Scripps Poway Pkwy.		San Diego	CA	92131	858-864-6494
Stephyrus, Inc.	Humza Chowdhry	5892 Santa Teresa Blvd.		San Jose	CA	95123	559-974-3615
Westwood Holdings LLC	Humza Chowdhry	925 Blossom Hill Road	Westfield Oakridge Mall #9107	San Jose	CA	95116	559-974-3617
ODS Ice Dream, LLC	Cyrus Patel	222 Mount Hermon Rd	Suite K	Scotts Valley	CA	95066	831-431-8528
	Syed A. Naqvi	3066 Cochran Street	Sycamore Village Shopping Center	Simi Valley	CA	93065	805-610-5020
	Stacie Rodriguez-Lyons	2829 W. March Lane	Suite C4	Stockton	CA	95219	209-662-4960

**SHOPS CLOSED IN PREVIOUS FISCAL YEAR**

<b>COMPANY</b>	<b>CONTACT</b>	<b>SHOP ADDRESS</b>	<b>SHOP ADDRESS 2</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
ODS Ice Dream, LLC	Stacie Rodriguez-Lyons	248 W. Fremont Street	Stockton Arena	Stockton	CA	95203	209-662-4960
Central Valley Ice, Inc.	Nicholas Schutte	2745 Countryside Drive	Monte Vista Crossings, Suite B	Turlock	CA	95380	209-499-3241
JNB Ice, Inc.	Elizabeth Scarpulla	951 Alamo Drive		Vacaville	CA	95687	707-372-9145
NUTMEG WATER ICE III, LLC	Daniel Onofrio	781-785 River Road		Shelton	CT	06484	203-373-1040
CREATIVE PLACES, LLC	Erica Fells	*3109 Martin Luther King Jr. Avenue SE		Washington	DC	20032	202-563-0204
Shree PortOrange, LLC	Joseph DeSantis	3842B Kennett Pike		Greenville	DE	19807	302-333-3555
	Devendra Wala	1590 Dunlawton Avenue	Walmart #582	Port Orange	FL	32127	540-300-0099
	Dean Park	735 Iwilei Road		Honolulu	HI	96817	808-206-9143
JUANITO'S CHILLIN, INC	John M. Costa	8615 Liberty Road		Baltimore	MD	21133	410-960-3208
Lucky's Station, LLC	Scott L. Stevens	3390 Coachman Road	Luckys Station	Eagan	MIN	55121	651-452-2941
Lucky's Station, LLC	Scott L. Stevens	1750 Greely Street		Stillwater	MIN	55082	651-351-2005
MarBro LLC	Brody Cranford	11109 US 15/501	Center Park Shopping Center	Aberdeen	NC	28315	910-246-0772
The Chosen Frozen, LLD	Annette Butler	8204 Tryon Woods Drive	Suite 112	Cary	NC	27518	919-524-0022
HV Ritas Ice, LLC	Julie Pizzarelli	985 Route 376		Wappingers Falls	NY	12590	914-475-8138
WestMark Italian Ice, LLC	Gregory G. Klocek	9025 Market Street		North Lima	OH	44452	330-770-7446
Emily's Ice Works, LLC	Susan Meador	*5138 State Route 30		Greensburg	PA	15601	724-832-0499
JDubNifsky, LLC	Jennifer L. Schatz	*2015 Maint Street		Northampton	PA	18067	610-262-9020
BDLJ, LTD.	Brian T. Covely	810 Oley Street	Suite G1	Reading	PA	19604	484-269-0146
*Indicates a shop closed for relocation and is to open in 2021.							
<b>SHOPS NOT RENEWED IN THE PREVIOUS FISCAL YEAR</b>							
COOL TREATS, LLC	Michael Guerino	175 Boston Post Road		Milford	CT	06460	203-301-4490
TASTEFUL PLACES LLC	Erica Fells	610 H Street NW		Washington	DC	20001	202-347-3144
MA'S HOUSE, LLC	Rosa Finney	600 E Basin Road		New Castle	DE	19720	302-276-0566
Oceanus Ice, LLC	James E. Doll	3233 Spartan Road		Olney	MID	20832	301-260-0017
Emily's Ice Works, LLC	Susan Meador	2574 US 30		Ligonier	PA	15658	724-832-0499
FIVE WISE GUYS, LLC	David Lewis	410 W Southlake Blvd.		Southlake	TX	76092	817-251-8811

**UNOPEN SHOPS AS OF SEPTEMBER 30, 2020**

(Franchisees have signed Franchise Agreement, but have not yet opened)

COMPANY	CONTACT	CITY	STATE	ZIP	PHONE
ARMELLINO ITALIAN ICES CORP	Donna L. Getchell	Tuscaloosa	AL	35401	516-317-5158
Phase 2 Investment Holdings, Inc.	Steven C. Bagshaw	Ahwatukee	AZ	85048	480-695-1647
Phase 2 Investment Holdings, Inc.	Steven C. Bagshaw	Chandler	AZ	85286	480-695-1647
Phase 2 Investment Holdings, Inc.	Melvin F. Grata	Marana	AZ	85653	724-813-5888
Phase 2 Investment Holdings, Inc.	Steven C. Bagshaw	Phoenix	AZ	85003	480-695-1647
Phase 2 Investment Holdings, Inc.	Steven C. Bagshaw	Phoenix	AZ	85003	480-695-1647
CINDERS, LLC	Aimee S. Klapach	Scottsdale	AZ	85251	609-330-7941
VC FINANCE, LLC	Lee M. Siegel	Aguanga	CA	92536	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Amboy	CA	92304	619-543-1542
B & A Ice, LLC	James Whalen	Anaheim	CA	92806	949-306-8950
SANTIFRAN GLOBAL, INC.	CA Chang	Arden-Arcade	CA	95864	530-219-2234
AJ Treat, LP	Jeremy J. Almand	Bakersfield	CA	93309	916-865-8431
VC FINANCE, LLC	Lee M. Siegel	Barstow	CA	92311	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Beaumont	CA	92223	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Beaumont	CA	92223	619-543-1542
Amiracle Ice Company, LLC	Humza S. Chowdhry	Camarillo	CA	93012	559-974-3615
JCRR CORPORATION	Jose Bernabe	Citrus Heights	CA	95610	209-938-9384
ARELLANO & ASSOCIATES, INC.	Gregory J. Arellano	Danville	CA	94526	650-380-8008
Menacing Vegetable Ventures, Inc.	Holly L. Kane	Davis	CA	95616	916-768-9533
VC FINANCE, LLC	Lee M. Siegel	Desert Center	CA	92239	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Desert Hot Springs	CA	92240	619-543-1542
ARELLANO & ASSOCIATES, INC.	Gregory J. Arellano	Dublin	CA	94568	650-380-8008
ARELLANO & ASSOCIATES, INC.	Gregory J. Arellano	Dublin	CA	94568	650-380-8008
Menacing Vegetable Ventures, Inc.	Holly L. Kane	El Dorado Hills	CA	95762	916-768-9533
Stansbe Treats, LLC	Steven C. Stansberry	Elk Grove	CA	95758	916-524-2461
JNB Ice, Inc.	Elizabeth Scarpulla	Fairfield	CA	94533	707-372-9145
VC FINANCE, LLC	Lee M. Siegel	Fontana	CA	92335	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Fontana	CA	92335	619-543-1542
BLOCK 3 HOLDINGS, LLC	Pravin Vivekanandan	Fremont	CA	94536	510-579-3403
ECR INVESTMENTS INC.	Eric Sha	Fresno	CA	93650	213-839-3217
ECR INVESTMENTS INC.	Eric Sha	Fresno	CA	93711	213-839-3217

**UNOPEN SHOPS AS OF SEPTEMBER 30, 2020**

(Franchisees have signed Franchise Agreement, but have not yet opened)

COMPANY	CONTACT	CITY	STATE	ZIP	PHONE
ECR INVESTMENTS INC.	Eric Sha	Fresno	CA	93710	213-839-3217
ECR INVESTMENTS INC.	Eric Sha	Fresno	CA	93710	213-839-3217
PLACER ICE COMPANY	Michael S. Atherly	Granite Bay	CA	95746	916-751-0995
VC FINANCE, LLC	Lee M. Siegel	Hemet	CA	92545	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Hemet	CA	92545	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Hemet	CA	92545	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Highland	CA	92346	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Lake Elsinore	CA	92532	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Lake Elsinore	CA	92530	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Lake Elsinore	CA	92530	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Lake Elsinore	CA	92530	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Lake Elsinore	CA	92530	619-543-1542
ARELLANO & ASSOCIATES, INC.	Gregory J. Arellano	Livermore	CA	94550	650-380-8008
Central Valley Ice, Inc.	Nicholas R. Schutte	Lodi	CA	95240	209-499-3241
CENTRAL VALLEY ICE & CUSTARD, INC.	Hari S. Randhawa	Madera	CA	93635	559-906-1765
Samaron Inc.	Brian Kim	Marina Del Rey	CA	90292	213-804-5648
Central Valley Ice, Inc.	Nicholas R. Schutte	Modesto	CA	95334	209-499-3241
ODS Ice Dream, LLC	Stacie Rodriguez-Lyons	Morada	CA	95212	209-662-4960
Chella's Ice, LLC	Ramya Ramamurthy	Mountain View	CA	94041	520-437-8502
SANTIFRAN GLOBAL, INC.	Christopher Chang	Napa	CA	94559	530-219-2234
VC FINANCE, LLC	Lee M. Siegel	Newberry Springs	CA	92365	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Palm Springs	CA	92264	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Palm Springs	CA	92264	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Perris	CA	92570	619-543-1542
Samaron Inc.	Brian Kim	Playa Del Rey	CA	90291	213-804-5648
Jamieson Family Ice	Aaron W. Jamieson	Rancho Cucamonga	CA	91730	908-884-4131
Central Valley Ice, Inc.	Nicholas R. Schutte	Ripon	CA	95366	209-499-3241
VC FINANCE, LLC	Lee M. Siegel	Running Springs	CA	92382	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Running Springs	CA	92382	619-543-1542
SANTIFRAN GLOBAL, INC.	CA Chang	Sacramento	CA	95834	530-219-2234
	Teghvir Toor	Sacramento	CA	95814	916-832-3810

**UNOPEN SHOPS AS OF SEPTEMBER 30, 2020**

(Franchisees have signed Franchise Agreement, but have not yet opened)

<b>COMPANY</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
	Teghvir Toor	Sacramento	CA	95833	916-832-3810
VC FINANCE, LLC	Lee M. Siegel	San Bernardino	CA	92401	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	San Bernardino	CA	92407	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	San Bernardino	CA	92401	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	San Bernardino	CA	92401	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	San Diego	CA	92103	619-543-1542
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95122	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95125	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95126	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95131	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95118	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95119	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95139	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95111	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95136	559-974-3615
Amiracle Ice Company, LLC	Humza S. Chowdhry	San Jose	CA	95121	559-974-3615
ARELLANO & ASSOCIATES, INC.	Gregory J. Arellano	San Ramon	CA	94583	650-380-8008
HAT ICE LLC	Hieu Luu	Santa Clara	CA	95054	408-966-7600
	Kamaljit Dhaliwal	Selma	CA	93662	559-790-1722
ODS Ice Dream, LLC	Stacie Rodriguez-Lyons	Stockton	CA	95209	209-662-4960
ODS Ice Dream, LLC	Stacie Rodriguez-Lyons	Stockton	CA	95205	209-662-4960
VC FINANCE, LLC	Lee M. Siegel	Sun City	CA	92586	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Thousand Palms	CA	92276	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Thousand Palms	CA	92276	619-543-1542
ODS Ice Dream, LLC	Stacie Rodriguez-Lyons	Tracy	CA	95376	209-662-4960
AJ Treat, LP	Jeremy J. Almand	Tulare	CA	93274	916-865-8431
Central Valley Ice, Inc.	Nicholas R. Schutte	Turlock	CA	95380	209-499-3241
JNB Ice, Inc.	Elizabeth Scarpulla	Vacaville	CA	95688	707-372-9145
VC FINANCE, LLC	Lee M. Siegel	Victorville	CA	92394	619-543-1542
	Gregory J. Arellano	Walnut Creek	CA	94597	650-380-8008
Samaron Inc.	Brian Kim	Westchester	CA	90045	213-804-5648

**UNOPEN SHOPS AS OF SEPTEMBER 30, 2020**

(Franchisees have signed Franchise Agreement, but have not yet opened)

<b>COMPANY</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
	Jeremy J. Almand	Yuba City	CA	95991	916-865-8431
	Anthony D. Cannady	Washington	DC	20024	202-207-4251
MIAMI WATER ICE, LLC	Nathan Zelikovitz	Fort Lauderdale	FL	33316	347-400-4476
MIAMI WATER ICE LLC	Nathan Zelikovitz	Hollywood	FL	33019	347-400-4476
MIAMI WATER ICE, LLC	Nathan Zelikovitz	Hollywood	FL	33020	347-400-4476
	Regina M. Tullio	Lakeland	FL	33801	813-748-3373
Saint Petersburg Water Ice, LLC	Karen Kramer	Madeira Beach	FL	33708	609-468-2221
MIAMI WATER ICE, LLC	Nathan Zelikovitz	Miami	FL	33140	347-400-4476
MIAMI WATER ICE, LLC	Nathan Zelikovitz	Miami	FL	33127	347-400-4476
MIAMI WATER ICE, LLC	Nathan Zelikovitz	Miami	FL	33137	347-400-4476
MIAMI WATER ICE, LLC	Nathan Zelikovitz	Miami	FL	33131	347-400-4476
MIAMI WATER ICE, LLC	Nathan Zelikovitz	Miami	FL	33145	347-400-4476
	Evan Odeseye	Weston	FL	33326	347-387-2618
	Evan Odeseye	Davie	FL	33328	347-387-2618
	Evan Odeseye	Sunrise	FL	33322	347-387-2618
SC-3C LLC	Julian P. Forcucci	Pace	FL	32571	704-533-5242
	Craig S. Barnard	Palm Beach Gardens	FL	33408	561-870-4759
	Craig S. Barnard	Riviera Beach	FL	33410	561-870-4759
	Craig S. Barnard	Riviera Beach	FL	33418	561-870-4759
RUSSO'S ITALIAN ICE INC.	Timothy J. Russo	Sanford	FL	32771	267-222-0335
Saint Petersburg Water Ice, LLC	Karen Kramer	St. Petersburg	FL	33704	609-468-2221
JET ICE, INC.	Peter A. Bonanni	West Melbourne	FL	32904	609-865-3343
R & S Treats LLC	Krista M. Ruberti	Wimauma	FL	33598	813-860-8696
CM PARTNERS GROUP, LLC	Mervin G. Johnson	Winter Garden	FL	34787	201-572-4863
MIDWEST WATER ICE, LLC	Darrell C. Cook	Urbandale	IA	50322	515-776-2650
	Ahmed K. Masad	Chicago	IL	60629	708-369-0445
	Ahmed K. Masad	Chicago	IL	60616	708-369-0445
	Ahmed K. Masad	Chicago	IL	60614	708-369-0445
	Ahmed K. Masad	Chicago	IL	60607	708-369-0445
	Ahmed K. Masad	Chicago	IL	60609	708-369-0445
	Ahmed K. Masad	Chicago	IL	60625	708-369-0445

**UNOPEN SHOPS AS OF SEPTEMBER 30, 2020**

(Franchisees have signed Franchise Agreement, but have not yet opened)

<b>COMPANY</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
	Ahmed K. Masad	Chicago Heights	IL	60411	708-369-0445
	Ahmed K. Masad	Chicago Heights	IL	60475	708-369-0445
What's the Scoop, LLC	James M. Haran	Park Ridge	IL	60068	312-505-8754
Thomas Ice Works, LLC	Donald G. Thomas Jr.	Carmel	IN	46032	317-598-5111
WILKI BOYZ TREATS, LLC	Steven L. Wilkos	Carmel	IN	46032	201-926-0227
Thomas Ice Works, LLC	Donald G. Thomas Jr.	Indianapolis	IN	46225	317-598-5111
WILKI BOYZ TREATS, LLC	Steven L. Wilkos	Noblesville	IN	46060	201-926-0227
WILKI BOYZ TREATS, LLC	Steven L. Wilkos	Westfield	IN	46074	201-926-0227
	Patricia A. Shelton	Boston	MA	02111	617-510-0723
	Patricia A. Shelton	Boston	MA	02215	617-510-0723
	Patricia A. Shelton	Boston	MA	02110	617-510-0723
Curtis Delights LLC	Audrey A. Askew	Roland Park	MD	21210	443-865-3240
	Ilaben J. Patel	Urbana	MD	21704	301-788-3020
4K SOLUTIONS, LLC	Steven M. Pallozzi	Wixom	MI	48393	248-830-6930
JP Delights, LLC	Justine A. Postorino	Springfield	MO	65807	609-439-1191
Poppin' Sweets Two, Inc.	Melanie D. Powell	Charlotte	NC	28208	704-582-9777
Sweet Tula's, Inc.	Kirk Xenakis	Delran	NJ	08075	609-923-9191
Humble Ice, LLC	Elliot Bohm	Howell	NJ	07731	917-755-5521
CS&A Food, LLC	Arif Ashamalla	Jersey City	NJ	07304	201-993-0978
	Lakeiya T. Street	Metuchen	NJ	08840	973-735-8511
	Humza S. Chowdhry	Las Vegas	NV	89134	559-974-3615
	Humza S. Chowdhry	North Las Vegas	NV	89032	559-974-3615
The Biggest Little Ice Company, LLC	Patrick Croarkin	Sparks	NV	89431	510-566-7766
The Biggest Little Ice Company, LLC	Patrick Croarkin	Verdi	NV	89439	510-566-7766
DC 879 Corp.	Joseph DeAngelis	Brooklyn	NY	11235	914-204-2469
FNY 883 Corp.	Joseph DeAngelis	Brooklyn	NY	11226	914-204-2469
County Clare American Desserts, LLC	Mark A. Pavlicek	Orangetown	NY	10913	845-729-4964
	Jasob E. Mytelka	Pomona	NY	10970	845-709-3189
MICASIXATE, LLC	Elaine M. Seguin	Elyria	OH	44035	216-978-5441
MICASIXATE, LLC	Elaine M. Seguin	Elyria	OH	44035	216-978-5441
BERWICK ITALIAN ICE Corporation	Jignesh S. Patel	Berwick	PA	18603	570-380-3619

**UNOPEN SHOPS AS OF SEPTEMBER 30, 2020**

(Franchisees have signed Franchise Agreement, but have not yet opened)

COMPANY	CONTACT	CITY	STATE	ZIP	PHONE
AMILAXMI I, INC	Rashmika Patel	Lahaska	PA	18931	215-869-9048
SAIICE, Inc	Mehul Patel	State College	PA	16801	317-979-8103
RHR Enterprises, LLC	Robert A. Ruprecht	Wayne	PA	19380	610-457-3716
LJZ BROWN ENTERPRISES, LLC	Elizabeth E. Brown	Wesleyville	PA	16510	814-323-2312
UpstateSCIce, LLC	Jignesh S. Patel	Wilkes Barre	PA	18701	570-380-3619
UpstateSCIce, LLC	Richard P. McFeely	Greenville	SC	29631	717-585-7774
BAGGINS & BEANS INCORPORATED	Richard P. McFeely	Simpsonville	SC	29681	717-585-7774
Beyond Ice, LLC	Douglas S. Neale	Anderson Mill	TX	78750	267-337-3272
Beyond Ice, LLC	Jerry C. Shirer	Arlington	TX	76006	214-608-9301
Beyond Ice, LLC	Jerry C. Shirer	Arlington	TX	76017	214-608-9301
Beyond Ice, LLC	Jerry C. Shirer	Arlington	TX	76063	214-608-9301
McSchwartz Enterprises, LLC	Jerry C. Shirer	Dallas	TX	75208	214-608-9301
BAGGINS & BEANS INCORPORATED	Daniel D. McCracken	Houston	TX	77008	732-259-6315
BAGGINS & BEANS INCORPORATED	Douglas S. Neale	Sunset Valley	TX	78745	267-337-3272
SWEET KING, LLC	Douglas S. Neale	West Lake Hills	TX	78746	267-337-3272
Dunhill Frozen Dessert Company, LLC	Emily King	Lehi	UT	84043	801-707-9409
Dunhill Frozen Dessert Company, LLC	Kristen A. Vicencio	Chantilly	VA	20151	703-969-2503
Dunhill Frozen Dessert Company, LLC	Kristen A. Vicencio	Arlington	VA	22204	703-969-2503
	Mark A. Velicer	North Bend	WA	98045	425-457-2143
	Mark A. Velicer	Redmond	WA	98052	425-457-2143
	Mark A. Velicer	Sammamish	WA	98074	425-457-2143



**FRANCHISE AGREEMENTS FOR UNOPEN SHOPS TERMINATED IN THE PREVIOUS FISCAL YEAR**

<b>COMPANY</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
B & A ICE, LLC	James Whalen	Anaheim	CA	92804	949-306-8950
B & A ICE, LLC	James Whalen	Anaheim	CA	92804	949-306-8950
B & A ICE, LLC	James Whalen	Anaheim	CA	92804	949-306-8950
B & A ICE, LLC	James Whalen	Anaheim	CA	92804	949-306-8950
B & A ICE, LLC	James Whalen	Ball Euclid	CA	92802	949-306-8950
San Mateo Ice, Inc.	Dominic Lai	Burlingame	CA	94010	415-570-3278
	Jeremy J. Almand	Chico	CA	95926	916-865-8431
VC FINANCE, LLC	Lee M. Siegel	Chula Vista	CA	91911	619-543-1542
	Michael A. Smith	Claremont	CA	91711	909-262-5257
Primo Renee, Inc.	Anthony P. Damiano	Concord	CA	94519	925-787-8891
MENG VENTURES, LLC	William T. Fawley	Costa Mesa	CA	92627	609-313-7196
MENG VENTURES, LLC	William T. Fawley	Costa Mesa	CA	92627	609-313-7196
	Joshua J. Pascua	Hermosa Beach	CA	90254	310-883-4528
	William T. Fawley	Huntington Beach	CA	92648	609-313-7196
CAL-ICE VENTURES, LLC	Howard Joelson	Irvine	CA	92614	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Irvine	CA	92614	949-337-0961
VC FINANCE, LLC	Lee M. Siegel	Julian	CA	92036	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	La Jolla	CA	92037	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	La Jolla	CA	92037	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	La Mesa	CA	91910	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	La Mesa	CA	91941	619-543-1542
	Michael A. Smith	La Verne	CA	91750	909-262-5257
CAL-ICE VENTURES, LLC	Howard Joelson	Laguna Beach	CA	92653	949-337-0961
	William T. Fawley	Laguna Beach	CA	92651	609-313-7196
	Joshua J. Pascua	Manhattan Beach	CA	90266	310-883-4528
San Mateo Ice, Inc.	Dominic Lai	Millbrae	CA	94030	415-570-3278
	William T. Fawley	Newport Beach	CA	92663	609-313-7196
	William T. Fawley	Norwalk	CA	90650	609-313-7196
CAL-ICE VENTURES, LLC	Howard Joelson	Orange	CA	92866	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Orange	CA	92861	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Orange	CA	92866	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Orange County	CA	92672	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Portola Hills	CA	92679	949-337-0961

**FRANCHISE AGREEMENTS FOR UNOPEN SHOPS TERMINATED IN THE PREVIOUS FISCAL YEAR**

<b>COMPANY</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
VC FINANCE, LLC	Lee M. Siegel	Ramona	CA	92065	619-543-1542
CAL-ICE VENTURES, LLC	Howard Joelson	Rancho Santa Margarita	CA	92688	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Rancho Santa Margarita	CA	92688	949-337-0961
	Joshua J. Pasqua	Redondo Beach	CA	90277	310-883-4528
VC FINANCE, LLC	Lee M. Siegel	San Diego	CA	92108	619-543-1542
VC FINANCE, LLC	Lee M. Siegel	Santee	CA	92071	619-543-1542
CAL-ICE VENTURES, LLC	Howard Joelson	Trabuco Canyon	CA	92679	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Tustin	CA	92780	949-337-0961
CAL-ICE VENTURES, LLC	Howard Joelson	Tustin	CA	92780	949-337-0961
EAST BAY WATER ICE, INC	Matthew R. Seever	Union City	CA	94587	510-363-7295
CAL-ICE VENTURES, LLC	Howard Joelson	Villa Park	CA	92861	949-337-0961
I.C.H. Holdings, LLC	Donald F. Shooster	Denver	CO	80205	610-715-4639
I.C.H. Holdings, LLC	Donald F. Shooster	Denver	CO	80216	610-715-4639
	Dean Park	Honolulu	HI	96813	650-380-8008
	Dean Park	Kamuela	HI	96743	650-380-8008
	Dean Park	Kaneohe	HI	96744	650-380-8008
	Dean Park	Kula	HI	96790	650-380-8008
	Dean Park	Mililani	HI	96789	650-380-8008
	Diana L. Meyerhoffer	Ogden	UT	84404	801-710-8204

**DEVELOPMENT AGREEMENTS AS OF SEPTEMBER 30, 2020**

<b>COMPANY</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
	Craig S. Barnard	Palm Beach Gardens	FL	33408	561-870-4759
WILKI BOYZ TREATS, LLC	Steven L. Wilkos	Westfield	IN	46074	201-926-0227
BERWICK ITALIAN ICE Corporation	Jignesh S. Patel	Berwick	PA	18603	570-380-3619

**EXHIBIT H TO  
FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

# **RWIFC Holdings, LLC and Subsidiaries**

Consolidated Financial Statements  
September 30, 2020

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## Independent Auditor's Report

RSM US LLP

Members  
RWIFC Holdings, LLC

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of RWIFC Holdings, LLC and Subsidiaries (collectively, the Company) (a limited liability company), which comprise the consolidated balance sheet as of September 30, 2020, the related consolidated statement of operations, members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWIFC Holdings, LLC and Subsidiaries as of September 30, 2020, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

Blue Bell, Pennsylvania  
April 2, 2021



**RSM US LLP**

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Blue Bell, PA 19422

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RWIFC Holdings, LLC  
Trevose, Pennsylvania

RSM US LLP consents to the use in the Franchise Disclosure Document issued by Rita's Franchise Company, LLC on April 2, 2021, as it may be amended, of our report dated April 2, 2021, relating to the consolidated financial statements of RWIFC Holdings, LLC and Subsidiaries for the period ended September 30, 2020.

*RSM US LLP*

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AUDIT | TAX | CONSULTING

## RWIFC Holdings, LLC and Subsidiaries

### Consolidated Balance Sheet September 30, 2020

<b>Assets</b>	
Current assets:	
Cash	\$ 9,787,393
Accounts and notes receivable, net	2,842,892
Inventories	124,747
Other current assets	175,305
<b>Total current assets</b>	<b>12,930,337</b>
Property and equipment, net	986,630
Other assets:	
Goodwill	8,417,161
Other intangible assets, net	15,479,004
Notes receivable, net of current portion	29,343
<b>Total other assets</b>	<b>23,925,508</b>
<b>Total assets</b>	<b>\$ 37,842,475</b>
<b>Liabilities and Members' Equity</b>	
Current liabilities:	
Accounts payable	\$ 1,309,668
Unredeemed gift card liability	2,141,727
Current portion of deferred revenue	274,142
Current maturities of long-term debt, net of deferred financing costs of \$4,461	1,376,223
Due to related party	2,626,763
Distribution payable	1,671,000
Other current liabilities	1,884,523
<b>Total current liabilities</b>	<b>11,284,046</b>
Long-term liabilities:	
Deferred revenue, net of current portion	3,756,977
Long-term debt, net of current maturities, net of deferred financing costs of \$68,578	4,334,292
Other long-term liabilities	2,599,697
<b>Total long-term liabilities</b>	<b>10,690,966</b>
<b>Total liabilities</b>	<b>21,975,012</b>
Commitments and contingencies (Note 8)	
Members' equity (Preferred Units of 18,348,165 and Common Units of 1,835 as of September 30, 2020)	15,867,463
<b>Total liabilities and members' equity</b>	<b>\$ 37,842,475</b>

See notes to consolidated financial statements.



**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statement of Operations  
Year Ended September 30, 2020**

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Revenues:	
Franchise fees	\$ 1,461,886
Royalty fees	8,774,147
Product sales	21,117,467
Other revenue	10,027
<b>Total revenues</b>	<u>31,363,527</u>
Cost of revenues	<u>19,316,581</u>
<b>Gross profit</b>	<u>12,046,946</u>
Selling, general and administrative expenses	<u>8,025,325</u>
<b>Income from operations before depreciation and amortization</b>	<u>4,021,621</u>
Depreciation and amortization	<u>1,712,618</u>
<b>Income from operations</b>	<u>2,309,003</u>
Other income (expense):	
Interest expense	(220,491)
Interest income	3,484
Other income (loss), net	(22,303)
<b>Total other expense</b>	<u>(239,310)</u>
<b>Net income</b>	<u><u>\$ 2,069,693</u></u>

See notes to consolidated financial statements.

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statement of Members' Equity  
Year Ended September 30, 2020**

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Balance, October 1, 2019	\$ 15,073,962
Incentive unit compensation	26,149
Distributions	(1,302,341)
Net income	<u>2,069,693</u>
Balance, September 30, 2020	<u><u>\$ 15,867,463</u></u>

See notes to consolidated financial statements.

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statement of Cash Flows  
Year Ended September 30, 2020**

---

Cash flows from operating activities:	
Net income	\$ 2,069,693
Adjustments to reconcile net income to net cash provided by operating activities:	
Incentive unit compensation	26,149
Depreciation and amortization	1,712,618
Amortization of deferred financing costs	18,559
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts and notes receivable	(323,952)
Inventories	583
Other current assets	401,138
Increase (decrease) in:	
Accounts payable	(123,889)
Deferred revenue	(726,580)
Unredeemed gift card liability	158,344
Related party payable	1,128,665
Other liabilities	839,823
<b>Net cash provided by operating activities</b>	<u>5,181,151</u>
Cash flows from investing activities:	
Acquisition of property and equipment	(256,018)
Payment of preferred distribution	(318,350)
Acquisition of intangible assets	(1,083,484)
<b>Net cash used in investing activities</b>	<u>(1,657,852)</u>
Cash flows from financing activities:	
Borrowings on revolving credit loan	2,000,000
Repayment of revolving credit loan	(2,000,000)
Borrowings of long-term debt	3,322,957
Repayment of long-term debt	(1,487,143)
Forgiveness of long-term debt	(895,117)
<b>Net cash provided by financing activities</b>	<u>940,697</u>
<b>Net increase in cash</b>	4,463,996
Cash:	
Beginning	<u>5,323,397</u>
Ending	<u>\$ 9,787,393</u>

See notes to consolidated financial statements.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** RWIFC Holdings, LLC (Holdings), a Delaware limited liability company, was organized for the purpose of facilitating Rita's Franchise Company, LLC (Franchisor) purchasing assets of the Rita's franchise system (the franchise system) in December 2016 (the Transaction). In connection with the Transaction, RGCC, LLC (Gift Card) was formed to manage all aspect of the gift card program for the franchise system. Rita's Stores, LLC (RSL) was formed to operate a Rita's mobile truck and any shops that may be acquired by Franchisor in the future, and RSL is owned by Franchisor. RWI Franchise Corp. (RWI), a Delaware corporation, is a wholly-owned subsidiary of Holdings. Holdings and RWI own the entire ownership interest in Franchisor, and Franchisor is a wholly-owned subsidiary of Holdings through Holdings' ownership of RWI. Gift Card is a wholly-owned subsidiary of Holdings. All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated group (including Holdings, RWI, Franchisor, Gift Card and RSL) is referred to as the "Company."

RWI is a Delaware corporation. Franchisor is a Delaware limited liability company. Gift Card is a Pennsylvania limited liability company. Franchisor grants franchise licenses for the right to establish and operate franchised shops featuring Italian ice and other frozen confections and approved menu items. All franchised shops are operated by independent operators under the terms of franchise agreements. Franchisor also operates a training facility referred to as Cool University.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations of credit risk:** Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash deposits in financial institutions in excess of federally-insured limits. Management believes the risk is mitigated by maintaining all deposits in high quality financial institutions.

**Franchise operations:** Franchisor currently grants franchise licenses to open and operate franchised shops in a designated area. Franchisor also grants development rights to open and operate a specified number of franchised shops in a designated geographic area. Franchise agreements typically have a 10-year term. Development agreements have a term based on the agreed upon timeframe for opening franchised shops in accordance with a development schedule set forth in the development agreement.

**Gift card sales and redemptions:** Gift Card sells gift cards through Franchisor's franchisees, as well as online and through third-party retailers. The Company records a liability in the period in which a gift card is sold. As gift cards are redeemed, the Company reimburses the franchisee for the gift card value net of any administrative costs and derecognizes the related liability. When a gift card is not subject to escheatment and it is probable that a portion of a gift card will not be redeemed, this amount is considered to be breakage. Breakage is recognized as revenue consistent with the historic redemption patterns of the associated gift cards. The Company uses historic gift card redemption patterns to determine the probability of a gift card's redemption. The Company recognized gift card breakage revenue of approximately \$435,000 for the year ended September 30, 2020.

In addition, the Company incurs fees on all gift cards that are sold through third-party retailers. These fees are deferred and recorded consistent with the historic redemption pattern of the associated gift cards.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Revenue recognition:** The Company derives its significant revenue from the following six principal sources:

##### *Product Sales*

Product sales represent revenues generated by the sale of products to franchisees. Revenue is recorded when the product is delivered by distribution agents to franchisees and the obligation to perform is satisfied.

##### *Franchise Royalty Fees*

Franchise royalty fees are generally charged at 6.5%, which is based upon the estimated amount of gross sales that franchised shops can derive from the sale of menu items prepared from products purchased from Franchisor. These royalties are considered variable consideration but, because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized when product is delivered by distribution agents to franchisees.

##### *Initial Franchise Fees*

A portion of initial franchise fees are recognized on a straight-line basis over the term of each respective franchise agreement, which is consistent with the franchisee's right to use and benefit from the intellectual property. For the portion of the initial franchise fees that are considered to be individually distinct from the ongoing services provided to the franchisee, the Company recognizes those initial franchise fees as each individual performance obligation is satisfied.

##### *Development Fees*

Development fees, which are non-refundable, are charged based upon the number of shops that will be developed under the development agreement. For each shop developed under a development agreement, a franchise agreement will be signed and all or a portion of the initial franchise fee for such shop will either (i) be paid as part of the development fee or (ii) be paid when the applicable franchise agreement is signed. Development fees attributable to each shop's franchise agreement are recognized as discussed in the paragraph above on initial franchise fees.

##### *Area Development Fees*

Area development fees, which are non-refundable, are charged based upon the location and size of the territory. Area developer agreements are domestic and require the area developer to sell and/or open a specified number of shops in the development area within a specified time period or the agreements may be terminated by the Company. The Company determined that a portion of the services provided in exchange for these area development fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to the area developer. As a result, a portion of area development fees are recognized on a straight-line basis over the term of each respective area developer agreement, which is consistent with the area developer's right to benefit from shops developed in the territory. For the portion of the area development fees that are considered to be individually distinct from the ongoing services provided to each area developer, the Company recognizes those area development fees as each individual performance obligation is satisfied.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### *Master Franchise Fees*

Master franchise fees, which are non-refundable, are charged based on upon the location and size of the territory. Master franchise agreements are international and typically allow the master licensee to either act as the franchisee or to sub-franchise to other operators. The Company determined that a portion of the services provided in exchange for these master franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its master franchisees. As a result, a portion of master franchise fees are recognized on a straight-line basis over the term of each respective master franchise agreement, which is consistent with the master franchisee's right to use and benefit from the intellectual property. For the portion of the master franchise fees that are considered to be individually distinct from the ongoing services provided to the master franchisee, the Company recognizes those master franchise fees as each individual performance obligation is satisfied.

The Company believes its franchise agreements, development agreements, area developer agreements and master franchise agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the royalty is variable and based on factors outside the Company or the franchisee's control.

As discussed above, revenue from product sales, franchise royalty fees and a portion of initial franchise fees, development fees, area developer fees and master franchise fees is recognized at a point in time, whereas revenue from a portion of initial franchise fees, development fees, area developer fees and master franchise fees is recognized over time. Total revenue recognized at a point in time and over time was as follows for the year ended September 30, 2020:

Revenue recognized over time	\$ 1,449,886
Revenue recognized at a point in time	<u>29,913,641</u>
	<u><u>\$ 31,363,527</u></u>

**Rebates and allowances:** Franchisor receives certain rebates and allowances based on (i) its purchases from suppliers/manufacturers and (ii) services that distribution agents provide to Franchisor. Franchisor sells and delivers the product mixes, custards and other items to franchisees using Franchisor's distribution agents. Additionally, Franchisor receives certain rebates from certain designated suppliers to franchisees based on franchisee purchases. The rebates remain consistent year-over-year; however, the overall percentages may vary slightly due to variations in purchases by Franchisor and its franchisees. Franchisor records an estimate of earned vendor rebates that are calculated based upon monthly purchases. Franchisor generally receives payment from vendors approximately 30 days after the quarter end for that quarter's purchases.

**Advertising costs:** Franchisor has established an advertising fund (a/k/a brand fund) for the common benefit of the franchisees and the advertising fund is funded by required contributions from franchisees, based on a percentage of their sales revenue. Franchisor uses the contributions to the advertising fund to pay for system-wide advertising, marketing and promotional programs.

Contributions have been collected in advance for future advertising, marketing and promotional programs and Franchisor is obligated to spend the fees on behalf of the franchise system and brand. Related advertising obligations are accrued and the costs expensed at the same time the related contributions are recognized. These advertising fees are recorded as a liability against which specific costs are charged. Contributions collected in advance of future advertising, marketing and promotional programs totaled \$2,669,888 at September 30, 2020.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Certain employees of the Company perform work for the advertising fund. The Company charges the advertising fund based upon the actual expenditures for these employees. The total amount charged to the advertising fund was approximately \$536,000 for the year ended September 30, 2020.

**Accounts and notes receivable:** Accounts and notes receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

**Inventories:** Inventories are valued at the lower of cost (first-in, first-out) or net realizable value and consist solely of finished goods.

**Deferred financing costs:** Deferred financing costs are amortized by the effective interest method, over the term of the related debt and are recorded as a contra liability in long-term debt on the consolidated balance sheet. Amortization expense was \$18,559 for the year ended September 30, 2020.

**Property and equipment:** Property and equipment acquired through acquisition is recorded at fair value. All other property and equipment is stated at cost. Depreciation subsequent to the acquisition is provided on the straight-line method over 3 to 10 years, the estimated useful lives of the assets. Maintenance and repairs, which are not considered to extend the useful life of assets, are charged to operations as incurred. The cost of assets sold or retired and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in non-operating expense for the period. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

**Goodwill:** Goodwill represents the difference between the purchase price of the acquired assets and the related fair value of the net assets acquired. The Company tests goodwill for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. In conducting its impairment testing, the Company compares the fair value of each reporting unit to the related net book value. If the fair value of a reporting unit exceeds its net book value, goodwill is not considered to be impaired. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing in September of each year. For the year ended September 30, 2020, the Company determined that the recorded value for goodwill and other intangibles has not been impaired.

**Intangible assets:** The Company evaluates the useful lives of intangible assets. Reaching a determination on useful life requires significant judgments and assumptions. Intangible assets include franchise agreements, supply agreements, recipes, trade names and territory assets which are amortized on a straight-line basis over its useful lives ranging from three to eighteen years.

**Impairment of long-lived assets:** The Company reviews long-lived assets, including property and equipment and definite-lived intangibles, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assessed may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If the asset is determined to be impaired, the impairment recognized is measured by the amount by which the carrying value of the asset exceeds its fair value.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Income taxes:** As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. For the year ended September 30, 2020, management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements. The Company is not subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2017. The subsidiaries are considered disregarded entities for tax purposes. As such, the operations of the subsidiaries are combined with, and included in, Holdings for income tax purposes.

**Recent accounting pronouncements:** In January 2021, the FASB issued ASU 2021-02, Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient, to help reduce the cost and complexity of applying the revenue recognition guidance for certain franchisors. This ASU provides a practical expedient that permits a franchisor that is not a public business entity that enters into a franchise agreement to account for certain pre-opening services provided to a franchisee as distinct from the franchise license. This practical expedient is available for a franchisor that has not yet adopted ASC 606 by following the existing transition provisions and effective date guidance in ASC 606. If a franchisor already has adopted ASC 606, the practical expedient is effective in interim and annual periods beginning after December 15, 2020 and should be applied retrospectively to the date ASC 606 was adopted. Early application is permitted. The Company is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

**Subsequent events:** Management evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through April 2, 2021, the day the consolidated financial statements were approved and authorized for issuance.

#### Note 2. Accounts and Notes Receivable

Accounts and notes receivable consist of the following at September 30, 2020:

Franchisees – net of allowance for doubtful accounts of approximately \$78,000	\$ 1,991,999
Current portion of notes receivable	48,150
Vendor rebates	786,592
Other	16,151
	<u>\$ 2,842,892</u>

The current portion of notes receivable includes amounts due from certain franchisees for the purchase of product, equipment, and/or promotional items. These notes are generally collateralized by the equipment and promotional items purchased by the franchisees with the proceeds. The notes bear interest ranging from 0% to 6% and are receivable through November 2023.



## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 3. Property and Equipment

Property and equipment consists of the following at September 30, 2020:

Equipment	\$ 224,840
Leasehold improvements	288,181
Computer equipment	1,791,095
Furniture and fixtures	88,539
Vehicles	112,265
	<u>2,504,920</u>
Less accumulated depreciation and amortization	(1,518,290)
	<u><u>\$ 986,630</u></u>

Depreciation and amortization expense was \$442,832 for the year ended September 30, 2020.

#### Note 4. Other Intangible Assets

Other intangible assets consist of the following at September 30, 2020:

	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Life
Supply agreement	\$ 1,260,000	\$ 1,260,000	\$ -	3 years
Franchise agreements	8,920,000	1,967,647	6,952,353	17 years
Recipes	4,950,000	1,031,250	3,918,750	18 years
Trade names	4,540,000	945,833	3,594,167	18 years
Territory assets	1,133,484	119,750	1,013,734	6 years
	<u>\$ 20,803,484</u>	<u>\$ 5,324,480</u>	<u>\$ 15,479,004</u>	

Amortization of amortizable intangible assets for each of the five years subsequent to September 30, 2020 is as follows:

Years ending September 30:	
2021	\$ 1,240,028
2022	1,240,028
2023	1,240,028
2024	1,240,028
2025	1,238,023
Thereafter	9,280,869
	<u><u>\$ 15,479,004</u></u>

Amortization expense for intangible assets was \$1,269,786 for the year ended September 30, 2020.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 5. Long-Term Debt and Subsequent Event

**Revolving Credit Loan:** The Company has a \$2,000,000 revolving credit loan agreement (Revolving Credit Loan), as amended, that bears an interest at London Interbank Offered Rate (LIBOR) plus applicable margin, as defined (2.41% at September 30, 2020), and is payable monthly until the maturity date of December 30, 2020. As of September 30, 2020, the Company had no outstanding borrowings on the Revolving Credit Loan.

The Company must also pay an unused facility fee in an amount equal to 0.25% per annum times the average unused portion of maximum Revolving Credit Loan amount, payable quarterly.

**Term Loan:** The Company has a \$6,300,000 term loan agreement (Term Loan), as amended, that bears interest at LIBOR plus the applicable margin, as defined (2.66% at September 30, 2020), and is payable in equal quarterly installments of principal plus interest through March 31, 2025. The Company is required to make mandatory prepayments of the Term Loan in an amount equal to 25% of the Company's Excess Cash Flow, as defined.

Borrowings under the loan agreements are collateralized by substantially all of the Company's assets. The agreements also contain various financial and nonfinancial covenants.

**PPP loan:** On April 22, 2020, the Company received loan proceeds of \$1,015,800 under the Paycheck Protection Program (PPP) under a promissory note from a commercial bank. The PPP established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly qualifying expenses of the business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness is reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on the Company's future adherence to the forgiveness criteria. The Company has recorded the anticipated forgiveness of the loan of \$895,117 in selling, general and administrative expenses on the consolidated statement of operations for the year ended September 30, 2020. On February 11, 2021, the PPP loan was forgiven by the Small Business Association in the amount of \$895,117.

The unforgiven portion of the PPP loan is payable over two years at an annual interest rate of 1%, with a deferral of payments for the first six months. The PPP loan is subject to any new guidance and new requirements released by the Department of the Treasury.

Long-term debt consists of the following at September 30, 2020:

Term Loan	\$ 5,662,871
PPP Loan	120,683
Less long term portion of unamortized deferred financing costs	<u>(68,578)</u>
	5,714,976
Less current maturities	1,376,223
Less current portion of unamortized deferred financing costs	4,461
	<u><u>\$ 4,334,292</u></u>

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 5. Long-Term Debt and Subsequent Event (Continued)

Approximate future aggregate maturities of long-term debt are as follows:

Years ending September 30:	
2021	\$ 1,333,751
2022	1,307,092
2023	1,260,000
2024	1,260,000
2025	622,711
	<u>\$ 5,783,554</u>

Cash paid for interest was \$198,434 for the year ended September 30, 2020.

#### Note 6. Subordinate Profits Common Units

Subordinate Profits Common Units equivalent to 10% of the outstanding units of the Company are available to be issued to employees and directors of the Company. The Subordinate Profits Common Units are both time vesting units that vest 20% per year and performance vesting units that vest upon the Company's achievement of certain earnings targets through 2022. The Company recognized compensation expense in connection with the issuance of Subordinate Profits Common Units of \$26,149 for the year ended September 30, 2020.

#### Note 7. Retirement Plan

The Company maintains a defined contribution profit sharing plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan generally covers all employees meeting certain age and service requirements. The plan provides for employee elective contributions and discretionary Company matching contributions. Matching contributions were approximately \$77,000 for the year ended September 30, 2020.

#### Note 8. Commitments and Contingencies

The Company leases its corporate office. The initial term of the lease is 10 years. The lease includes renewal options and provides that the Company pay maintenance, insurance and property taxes.

Minimum annual rental commitments under noncancelable leases are as follows at September 30, 2020:

Years ending September 30:	
2021	\$ 387,858
2022	329,650
	<u>\$ 717,508</u>

Rental expense was \$282,197 for the year ended September 30, 2020.

The Company is involved in various legal proceedings and litigation arising in the ordinary course of business. In the opinion of the Company's management and legal counsel, the outcome of such proceedings and litigation will not materially affect the Company's financial position or results of operations.

## **RWIFC Holdings, LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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#### **Note 9. Related-Party Transactions**

The Company has agreed to pay MTN Capital Partners, LLC management fees of \$175,000 annually in connection with the planning, strategy, oversight and support to management. The term of the agreement is five years and can be renewed after the initial term. Management fees recorded in selling, general and administrative expenses on the consolidated statement of operations was \$175,000 for the year ended September 30, 2020.

#### **Note 10. Members' Equity**

Preferred Unit holders are entitled to a Preferred Return, which equals the sum of 6% of the average daily balance of the Adjusted Preferred Capital Contribution, as defined, compounding quarterly. The Preferred Return at September 30, 2020 was \$4,177,537.

#### **Note 11. Market Conditions**

During the year ended September 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The impact of COVID-19 could negatively impact the Company's operations. The extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain it or its impact, among other factors.

# **RWIFC Holdings, LLC and Subsidiaries**

Consolidated Financial Statements  
September 30, 2019

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RSM US LLP

## Independent Auditor's Report

To the Members  
RWIFC Holdings, LLC

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of RWIFC Holdings, LLC and Subsidiaries (collectively, the Company) (a limited liability company), which comprise the consolidated balance sheet as of September 30, 2019, the related consolidated statement of operations, members' equity and cash flows for the period from January 1, 2019 to September 30, 2019, and the related notes to the consolidated financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWIFC Holdings, LLC and Subsidiaries as of September 30, 2019, and the results of their operations and their cash flows for the period from January 1, 2019 to September 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 and Note 11 to the financial statements as of September 30, 2019 and for the period from January 1, 2019 to September 30, 2019, the Company has changed their method of accounting for revenue due to the adoption of Topic 606: Revenue from Contracts with Customers. Our opinion is not modified with respect to this matter.

*RSM US LLP*

Blue Bell, Pennsylvania  
January 28, 2020



## RWIFC Holdings, LLC and Subsidiaries

### Consolidated Balance Sheet September 30, 2019

<b>Assets</b>	
Current assets:	
Cash	\$ 5,323,397
Accounts and notes receivable, net	2,484,844
Inventories	125,330
Other current assets	576,443
<b>Total current assets</b>	<u>8,510,014</u>
Property and equipment, net	<u>1,173,444</u>
Other assets:	
Goodwill	8,417,161
Other intangible assets, net	15,665,306
Notes receivable, net of current portion	63,439
<b>Total other assets</b>	<u>24,145,906</u>
<b>Total assets</b>	<u><u>\$ 33,829,364</u></u>
<b>Liabilities and Members' Equity</b>	
Current liabilities:	
Accounts payable	\$ 1,433,557
Unredeemed gift card liability	1,983,383
Current portion of deferred revenue	98,170
Current maturities of long-term debt, net of discount of \$17,247	1,697,039
Due to related party	1,498,098
Distribution payable	3,193,546
Other current liabilities	1,124,736
<b>Total current liabilities</b>	<u>11,028,529</u>
Long-term liabilities:	
Deferred revenue, net of current portion	4,659,529
Long-term debt, net of current maturities, net of discount of \$61,227	3,067,344
<b>Total long-term liabilities</b>	<u>7,726,873</u>
<b>Total liabilities</b>	18,755,402
Commitments and contingencies (Note 8)	
Members' equity (Preferred Units of 18,348,165 and Common Units of 1,835 as of September 30, 2019)	<u>15,073,962</u>
<b>Total liabilities and members' equity</b>	<u><u>\$ 33,829,364</u></u>

See notes to consolidated financial statements.

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statement of Operations**

**For the period from January 1, 2019 to September 30, 2019**

Revenues:	
Franchise fees	\$ 867,922
Royalty fees	8,306,425
Product sales	22,331,978
<b>Total revenues</b>	<u>31,506,325</u>
Cost of revenues	20,130,703
<b>Gross profit</b>	<u>11,375,622</u>
Selling, general and administrative expenses	6,535,488
<b>Income from operations before depreciation and amortization</b>	<u>4,840,134</u>
Depreciation and amortization	1,472,023
<b>Income from operations</b>	<u>3,368,111</u>
Other income (expense):	
Interest expense	(277,756)
Interest income	5,158
Other income (loss), net	13,686
<b>Total other expense</b>	<u>(258,912)</u>
<b>Net income</b>	<u><u>\$ 3,109,199</u></u>

See notes to consolidated financial statements.

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statement of Members' Equity**  
**For the period from January 1, 2019 to September 30, 2019**

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Balance, January 1, 2019	\$ 13,309,582
Adoption of Topic ASC 606	(468,829)
Incentive unit compensation	28,925
Distributions	(904,915)
Net income	<u>3,109,199</u>
<b>Balance, September 30, 2019</b>	<b><u><u>\$ 15,073,962</u></u></b>

See notes to consolidated financial statements.

## RWIFC Holdings, LLC and Subsidiaries

### Consolidated Statement of Cash Flows For the period from January 1, 2019 to September 30, 2019

Cash flows from operating activities:	
Net income	\$ 3,109,199
Adjustments to reconcile net income to net cash provided by operating activities:	
Incentive unit compensation	28,925
Loss on disposal of property and equipment	5,242
Depreciation and amortization	1,472,023
Amortization of deferred financing costs	17,782
Changes in operating assets and liabilities:	
Increase in:	
Accounts and notes receivable	(1,658,559)
Inventories	(40,436)
Other current assets	(28,639)
Increase in:	
Accounts payable	1,127,977
Deferred revenue	456,823
Unredeemed gift card liability	141,459
Related party payable	1,164,309
Other liabilities	224,811
<b>Net cash provided by operating activities</b>	<u>6,020,916</u>
Cash flows from investing activities:	
Acquisition of property and equipment	<u>(531,495)</u>
<b>Net cash used in investing activities</b>	<u>(531,495)</u>
Cash flows from financing activities:	
Repayment of long-term debt	<u>(1,285,715)</u>
<b>Net cash used in financing activities</b>	<u>(1,285,715)</u>
<b>Net increase in cash</b>	4,203,706
Cash:	
Beginning	<u>1,119,691</u>
Ending	<u>\$ 5,323,397</u>
Supplemental disclosure of non-cash operating activities:	
Adoption of Topic 606 related to deferred revenue	\$ 958,483
Adoption of Topic 606 related to other current assets	<u>\$ (489,654)</u>

See notes to consolidated financial statements.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** RWIFC Holdings, LLC (Holdings), a Delaware limited liability company, was organized for the purpose of facilitating Rita's Franchise Company, LLC (Franchisor) purchasing assets of the Rita's franchise system (the franchise system) in December 2016 (the Transaction). In connection with the Transaction, RGCC, LLC (Gift Card), was formed to manage all aspect of the gift card program for the franchise system. RWI Franchise Corp (RWI), a Delaware corporation, is a wholly-owned subsidiary of Holdings. Holdings and RWI own the entire ownership interest in Franchisor, and Franchisor is a wholly-owned subsidiary of Holdings through Holdings' ownership of RWI. Gift Card is a wholly-owned subsidiary of Holdings. All significant intercompany accounts and transactions have been eliminated. The consolidated group (including Holdings, RWI, Franchisor and Gift Card) is referred to as the "Company."

RWI is a Delaware corporation. Franchisor is a Delaware limited liability company. Gift Card is a Pennsylvania limited liability company. Franchisor grants franchise licenses for the right to establish and operate franchised shops featuring Italian ice and other frozen confections and approved menu items. All franchised shops are operated by independent operators under the terms of franchise agreements. Franchisor also operates a training facility referred to as Cool University.

The fiscal year-end of the Company was changed from December 31<sup>st</sup> to September 30<sup>th</sup> so as to align with the operations of the Company. Accordingly, the current consolidated financial statements are prepared as of September 30, 2019 and the statements reflect the nine months from January 1, 2019 to September 30, 2019. Accordingly, the figures stated in the consolidated balance sheet, consolidated statement of operations, consolidated statement of members' equity and consolidated statement of cash flows and the related notes to the consolidated financial statements are not comparable to the 2018 consolidated financial statements.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations of credit risk:** Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash deposits in financial institutions in excess of federally insured limits. Management believes the risk is mitigated by maintaining all deposits in high quality financial institutions.

**Franchise operations:** Franchisor currently grants franchise licenses to open and operate franchised shops in a designated area. Franchisor also grants development rights to open and operate a specified number of franchised shops in a designated geographic area. Franchise agreements typically have a 10-year term. Development agreements have a term based on the agreed upon timeframe for opening franchised shops in accordance with a development schedule set forth in the development agreement.

**Gift card sales and redemptions:** Gift Card sells gift cards through Franchisor's franchisees, as well as online and through third party retailers. The Company records a liability in the period in which a gift card is sold. As gift cards are redeemed, the Company reimburses the franchisee for the gift card value net of any administrative costs and derecognizes the related liability. When a gift card is not subject to escheatment and it is probable that a portion of a gift card will not be redeemed, this amount is considered to be breakage. Breakage is recognized as revenue consistent with the historic redemption patterns of the associated gift cards. The Company uses historic gift card redemption patterns to determine the probability of a gift card's redemption. The Company recognized gift card breakage revenue of approximately \$395,000 for the period from January 1, 2019 to September 30, 2019.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In addition, the Company incurs fees on all gift cards that are sold through third-party retailers. These fees are deferred and recorded consistent with the historic redemption pattern of the associated gift cards.

**Revenue recognition:** From 2014 through 2017, the Financial Accounting Standards Board (FASB) issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries (Topic 606). The Company adopted Topic 606 at the beginning of the period from January 1, 2019 to September 30, 2019.

Below is a discussion of how the Company's revenues are earned, the Company's accounting policies pertaining to revenue recognition prior to the adoption of Topic 606 (Legacy GAAP), the Company's accounting policies pertaining to revenue recognition subsequent to the adoption of Topic 606 and other required disclosures. Refer to Note 11 for information regarding the cumulative effect adjustment recorded to members' equity as of the beginning of the period from January 1, 2019 to September 30, 2019 to reflect the adoption of Topic 606. Also included in Note 11 is disclosure of the amount by which each balance sheet and statement of operations line item was impacted in the current reporting period as compared to Legacy GAAP.

The Company derives its significant revenue from the following five principal sources:

#### *Product Sales*

Product sales represent revenues generated by the sale of products to franchisees. Revenue is recorded when the product is shipped by the supplier and the obligation to perform is satisfied. The timing and amount of revenue recognized related to product sales was not impacted by the adoption of Topic 606.

#### *Franchise Royalty Fees*

Franchise royalty fees are generally charged at 6.5%, which is based upon the estimated amount of gross sales that franchised shops can derive from the sale of menu items prepared from products purchased from Franchisor. These royalties are considered variable consideration but, because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur. The timing and amount of revenue recognized related to franchise royalty fees was not impacted by the adoption of Topic 606 based on the application of the sales-based royalty exception within Topic 606.

#### *Initial Franchise Fees*

Under Legacy GAAP, initial franchise fees were generally recognized as the fees were earned which is generally when the franchised shop began operations. Unearned franchise fees were included in deferred revenue in the accompanying balance sheet. Costs associated with supporting the franchise system were generally expensed as incurred which generally included providing supervision, assistance and services: site selection, prototype shop design, training and pre-opening assistance, an operations manual, continuing assistance and advertising fund administration. Upon the adoption of Topic 606, the Company determined that a portion of the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, upon the adoption of Topic 606, a portion of initial franchise fees are recognized on a straight-line basis over the term of each respective franchise agreement, which is consistent with the franchisee's right to use and benefit from the intellectual property. For the portion of the initial franchise fees that are considered to be individually distinct from the ongoing services provided to the franchisee, the Company recognizes those initial franchise fees as each individual performance obligation is satisfied.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### *Development Fees*

Development fees, which are non-refundable, are charged based upon the number of shops that will be developed under the development agreement. For each shop developed under a development agreement, a franchise agreement will be signed and all or a portion of the initial franchise fee for such shop will either (i) be paid as part of the development fee or (ii) be paid when the applicable franchise agreement is signed. Under Legacy GAAP, development fees paid under development agreements were recognized as each shop attributable to such portion of the development fees opened or, if earlier, the termination of the development agreement. As a result, upon the adoption of Topic 606, the development fees attributable to each shop's franchise agreement are recognized as discussed in the paragraph above on initial franchise fees which is similar to the revenue recognition process under Legacy GAAP.

##### *Area Development Fees*

Area development fees, which are non-refundable, are charged based upon the location and size of the territory. Area developer agreements are domestic and require the area developer to sell and/or open a specified number of shops in the development area within a specified time period or the agreements may be terminated by the Company. Under Legacy GAAP, revenue from area developer agreements was deferred and recognized on a pro rata basis according to the number of agreements required to be executed and/or opened under the area developer agreement, or at the time the area developer agreement is effectively terminated. Upon the adoption of Topic 606, the Company determined that a portion of the services provided in exchange for these area development fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to the area developer. As a result, upon the adoption of Topic 606, a portion of area development fees are recognized on a straight-line basis over the term of each respective area developer agreement, which is consistent with the area developer's right to benefit from franchise system development in the territory. For the portion of the area development fees that are considered to be individually distinct from the ongoing services provided to each area developer, the Company recognizes those area development fees as each individual performance obligation is satisfied.

##### *Master Franchise Fees*

Master franchise fees, which are non-refundable, are charged based on upon the location and size of the territory. Master franchise agreements are international and typically allow the master licensee to either act as the franchisee or to sub-franchise to other operators. Under Legacy GAAP, master franchise fees were recognized when substantially all the services required of the Company were complete. These services principally consist of training performed domestically and vary based on the specific terms of the agreement. Upon the adoption of Topic 606, the Company determined that a portion of the services provided in exchange for these master franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its master franchisees. As a result, upon the adoption of Topic 606, a portion of master franchise fees are recognized on a straight-line basis over the term of each respective master franchise agreement, which is consistent with the master franchisee's right to use and benefit from the intellectual property. For the portion of the master franchise fees that are considered to be individually distinct from the ongoing services provided to the master franchisee, the Company recognizes those master franchise fees as each individual performance obligation is satisfied.

The Company believes its franchise agreements, development agreements, area developer agreements and master franchise agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the company and (b) the royalty is variable and based on factors outside the company or the franchisee's control.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

As discussed above, revenue from product sales, franchise royalty fees and a portion of initial franchise fees, development fees, area developer fees and master franchise fees is recognized at a point in time, whereas revenue from a portion of initial franchise fees, area development fees, area developer fees and master franchise fees is recognized over time. Total revenue recognized at a point in time and over time was as follows for the period from January 1, 2019 to September 30, 2019:

Revenue recognized over time	\$ 636,052
Revenue recognized at a point in time	30,870,273
	<u>\$ 31,506,325</u>

**Rebates and allowances:** Franchisor receives certain rebates and allowances based on its purchases from manufacturers of certain product mixes and custards. Franchisor sells the product mixes and custard to franchisees using Franchisor's distribution agents. Additionally, Franchisor receives certain rebates from certain designated suppliers to franchisees based on franchisee purchases. The rebates remain consistent year-over-year; however, the overall percentages may vary slightly due to variations in purchases by Franchisor and its franchisees. Franchisor records an estimate of earned vendor rebates that are calculated based upon monthly purchases. Franchisor generally receives payment from vendors approximately 30 days after the quarter end for that quarter's purchases.

**Advertising costs:** Franchisor has established an advertising fund for the common benefit of the franchisees and the advertising fund is funded by required contributions from franchisees, based on a percentage of their sales revenue. Franchisor uses the contributions to the advertising fund to pay for system-wide advertising, marketing and promotional programs.

Contributions have been collected in advance for future advertising, marketing and promotional programs and Franchisor is obligated to spend the fees on behalf of the franchise system. Related advertising obligations are accrued and the costs expensed at the same time the related contributions are recognized. These advertising fees are recorded as a liability against which specific costs are charged. Contributions collected in advance of future advertising, marketing and promotional programs totaled \$1,498,098 at September 30, 2019.

Certain employees of the Company perform work for the advertising fund. The Company charges the advertising fund based upon the actual expenditures for these employees. The total amount charged to the advertising fund was approximately \$535,000 for the period from January 1, 2019 to September 30, 2019.

**Accounts and notes receivable:** Accounts and notes receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

**Inventories:** Inventories are valued at the lower of cost (first-in, first-out) or net realizable value and consist solely of finished goods.

**Deferred financing costs:** Deferred financing costs are amortized by the effective interest method, over the term of the related debt and are recorded as a contra liability in long-term debt on the consolidated balance sheet. Amortization expense was \$17,782 for the period from January 1, 2019 to September 30, 2019.



## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Property and equipment:** Property and equipment acquired through the acquisition is recorded at fair value. All other property and equipment is stated at cost. Depreciation subsequent to the acquisition is provided on the straight-line method over 3 to 10 years, the estimated useful lives of the assets. Maintenance and repairs, which are not considered to extend the useful life of assets, are charged to operations as incurred. The cost of assets sold or retired and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in non-operating expense for the period. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

**Goodwill:** Goodwill represents the difference between the purchase price of the acquired assets and the related fair value of the net assets acquired. The Company tests goodwill for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. In conducting its impairment testing, the Company compares the fair value of each reporting unit to the related net book value. If the fair value of a reporting unit exceeds its net book value, goodwill is not considered to be impaired. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducted its annual impairment testing in December each year until 2019, when the annual impairment testing date was changed to September. For the period from January 1, 2019 to September 30, 2019, the Company determined that the recorded value for goodwill and other intangibles has not been impaired.

**Intangible assets:** The Company evaluates the useful lives of intangible assets. Reaching a determination on useful life requires significant judgments and assumptions. Intangible assets include franchise agreements, supply agreements, recipes and trade names which are amortized on a straight-line basis over its useful lives ranging from three to eighteen years.

**Impairment of long-lived assets:** The Company reviews long-lived assets, including property and equipment and definite lived intangibles, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assessed may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If the asset is determined to be impaired, the impairment recognized is measured by the amount by which the carrying value of the asset exceeds its fair value.

**Income taxes:** As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. For the period from January 1, 2019 to September 30, 2019, management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements. The Company is not subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2016. The subsidiaries are considered disregarded entities for tax purposes. As such, the operations of the subsidiaries are combined with, and included with, Holdings for income tax purposes.

**Recent accounting pronouncements:** In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Subsequent events:** Management evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through January 28, 2020, the day the consolidated financial statements were approved and authorized for issuance.

#### Note 2. Accounts and Notes Receivable

Accounts and notes receivable consist of the following at September 30, 2019:

Franchisees – net of allowance for doubtful accounts of approximately \$115,000	\$ 1,757,269
Current portion of notes receivable	257,169
Vendor rebates	450,212
Other	20,194
	<u>\$ 2,484,844</u>

The current portion of notes receivable includes amounts due from certain franchisees for the purchase of product, equipment, and/or promotional items. These notes are generally collateralized by the equipment and promotional items purchased by the franchisees with the proceeds. The notes bear interest ranging from 0% to 6% and are receivable through October 2022.

#### Note 3. Property and Equipment

Property and equipment consists of the following at September 30, 2019:

Equipment	\$ 222,190
Leasehold improvements	288,181
Computer equipment	1,548,801
Furniture and fixtures	77,465
Vehicles	112,265
	<u>2,248,902</u>
Less accumulated depreciation	<u>(1,075,458)</u>
	<u>\$ 1,173,444</u>

Depreciation expense was \$362,438 for the period from January 1, 2019 to September 30, 2019.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 4. Other Intangible Assets

Other intangible assets consist of the following at September 30, 2019:

	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Life
Supply agreement	\$ 1,260,000	\$ 1,155,000	\$ 105,000	3 years
Franchise agreements	8,920,000	1,442,941	7,477,059	17 years
Recipes	4,950,000	756,250	4,193,750	18 years
Trade names	4,540,000	693,611	3,846,389	18 years
Territory assets	50,000	6,892	43,108	7 years
	<u>\$ 19,720,000</u>	<u>\$ 4,054,694</u>	<u>\$ 15,665,306</u>	

Amortization of amortizable intangible assets for each of the five years subsequent to September 30, 2019 is as follows:

Years ending September 30:	
2020	\$ 1,164,447
2021	1,059,447
2022	1,059,447
2023	1,059,447
2024	1,059,447
Thereafter	10,263,071
	<u>\$ 15,665,306</u>

Amortization expense for intangible assets was \$1,109,585 for the period from January 1, 2019 to September 30, 2019.

#### Note 5. Long-Term Debt

On December 30, 2016, the Company entered into a \$3,000,000 revolving credit loan agreement (Revolving Credit Loan) that bears an interest at LIBOR plus applicable margin, as defined (4.447% at September 30, 2019), and is payable monthly until the maturity date of December 30, 2019. During 2018, the Revolving Credit Loan amount was reduced to \$2,500,000 and during the period from January 1, 2019 to September 30, 2019, the Revolving Credit Loan amount was reduced to \$2,000,000. As of September 30, 2019, the Company had no outstanding borrowings on the Revolving Credit Loan.

The Company must also pay an unused facility fee in an amount equal to 0.25% per annum times the average unused portion of maximum Revolving Credit Loan amount, payable quarterly.

On December 30, 2016, the Company entered into a \$12,000,000 term loan agreement (Term Loan) that bears interest at LIBOR plus the applicable margin, as defined (4.697% at September 30, 2019), and is payable in equal quarterly installments of principal plus interest through December 30, 2021. The Company is required to make mandatory prepayments of the Term Loan in an amount equal to 25% of the Company's Excess Cash Flow, as defined.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 5. Long-Term Debt (Continued)

Borrowings under the loan agreements are collateralized by substantially all of the Company's assets. The agreements also contain various financial and nonfinancial covenants.

Long-term debt consists of the following at September 30, 2019:

Term Loan	\$ 4,842,857
Less long term portion of unamortized discount	61,227
	<u>4,781,630</u>
Less current maturities	1,697,039
Less current portion of unamortized discount	17,247
	<u><u>\$ 3,067,344</u></u>

Approximate future aggregate maturities of long-term debt are as follows:

Years ending September 30:	
2020	\$ 1,714,286
2021	1,714,286
2022	1,414,285
	<u><u>\$ 4,842,857</u></u>

Cash paid for interest was \$229,978 for the period from January 1, 2019 to September 30, 2019.

#### Note 6. Subordinate Profits Common Units

Subordinate Profits Common Units equivalent to 10% of the outstanding units of the Company are available to be issued to employees and directors of the Company. The Subordinate Profits Common Units are both time vesting units that vest 20% per year and performance vesting units that vest upon the Company's achievement of certain earnings targets through 2022. The Company recognized compensation expense in connection with the issuance of Subordinate Profits Common Units of \$28,925 for the period from January 1, 2019 to September 30, 2019.

#### Note 7. Retirement Plan

The Company maintains a defined contribution profit sharing plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan generally covers all employees meeting certain age and service requirements. The plan provides for employee elective contributions and discretionary Company matching contributions. Matching contributions were approximately \$76,000 for the period from January 1, 2019 to September 30, 2019.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 8. Commitments and Contingencies

The Company leases its corporate office. The initial term of the lease is 10 years. The lease includes renewal options and provides that the Company pay maintenance, insurance and property taxes.

Minimum annual rental commitments under noncancelable leases are as follows at September 30, 2019:

Years ending September 30:	
2020	\$ 379,445
2021	387,858
2022	329,650
	<u>\$ 1,096,953</u>

Rental expense was \$280,908 for the period from January 1, 2019 to September 30, 2019.

The Company is involved in various legal proceedings and litigation arising in the ordinary course of business. In the opinion of the Company's management and legal counsel, the outcome of such proceedings and litigation will not materially affect the Company's financial position or results of operations.

#### Note 9. Related Party Transactions

The Company has agreed to pay MTN Capital Partners, LLC management fees of \$175,000 annually in connection with the planning, strategy, oversight and support to management. The term of the agreement is five years and can be renewed after the initial term. Management fees recorded in selling, general and administrative expenses on the consolidated statement of operations was \$131,250 for the period from January 1, 2019 to September 30, 2019.

#### Note 10. Members' Equity

Preferred Unit holders are entitled to a Preferred Return, which equals the sum of 6% of the average daily balance of the Adjusted Preferred Capital Contribution, as defined, compounding quarterly. The Preferred Return at September 30, 2019 was \$3,193,546.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 11. Impact of Adopting New Revenue Recognition Standards

As discussed in Note 1, the Company adopted Topic 606 at the beginning of the period from January 1, 2019 to September 30, 2019, using the modified retrospective method. Topic 606 was applied to all contracts with customers as of January 1, 2019 and the cumulative effect of this transition was recorded as an adjustment to members' equity as of this date. As a result, the following adjustments were made to the consolidated balance sheet as of January 1, 2019:

	As reported December 31, 2018	Adjustments	Balances with Adoption of Topic 606 January 1, 2019
<b>Assets</b>			
Current assets:			
Cash	\$ 1,119,691	\$ -	\$ 1,119,691
Accounts and notes receivable, net	790,840	-	790,840
Inventories	84,894	-	84,894
Other current assets	58,150	489,654	547,804
<b>Total current assets</b>	<b>2,053,575</b>	<b>489,654</b>	<b>2,543,229</b>
Property and equipment, net	1,009,629	-	1,009,629
Other assets:			
Goodwill	8,417,161	-	8,417,161
Other intangible assets, net	16,774,891	-	16,774,891
Notes receivable, net of current portion	98,884	-	98,884
<b>Total other assets</b>	<b>25,290,936</b>	<b>-</b>	<b>25,290,936</b>
<b>Total assets</b>	<b>\$ 28,354,140</b>	<b>\$ 489,654</b>	<b>\$ 28,843,794</b>
<b>Liabilities and Members' Equity</b>			
Current liabilities:			
Accounts payable	\$ 305,580	\$ -	\$ 305,580
Unredeemed gift card liability	1,841,924	-	1,841,924
Current portion of deferred revenue	141,983	-	141,983
Current maturities of long-term debt, net	1,691,456	-	1,691,456
Due to related party	333,789	-	333,789
Distribution payable	2,288,631	-	2,288,631
Other current liabilities	899,925	-	899,925
<b>Total current liabilities</b>	<b>7,503,288</b>	<b>-</b>	<b>7,503,288</b>
Long-term liabilities:			
Deferred revenue, net of current portion	3,200,410	958,483	4,158,893
Long-term debt, net of current maturities, net	4,340,860	-	4,340,860
<b>Total long-term liabilities</b>	<b>7,541,270</b>	<b>958,483</b>	<b>8,499,753</b>
<b>Total liabilities</b>	<b>15,044,558</b>	<b>958,483</b>	<b>16,003,041</b>
Members' equity	13,309,582	(468,829)	12,840,753
<b>Total liabilities and members' equity</b>	<b>\$ 28,354,140</b>	<b>\$ 489,654</b>	<b>\$ 28,843,794</b>

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 11. Impact of Adopting New Revenue Recognition Standards (Continued)

The following tables reflect the impact of the adoption of Topic 606 on the consolidated balance sheet as of September 30, 2019.

	As reported September 30, 2019	Impact	Legacy GAAP September 30, 2019
<b>Assets</b>			
Current assets:			
Cash	\$ 5,323,397	\$ -	\$ 5,323,397
Accounts and notes receivable, net	2,484,844	-	2,484,844
Inventories	125,330	-	125,330
Other current assets	576,443	(576,443)	-
<b>Total current assets</b>	<b>8,510,014</b>	<b>(576,443)</b>	<b>7,933,571</b>
Property and equipment, net	1,173,444	-	1,173,444
Other assets:			
Goodwill	8,417,161	-	8,417,161
Other intangible assets, net	15,665,306	-	15,665,306
Notes receivable, net of current portion	63,439	-	63,439
<b>Total other assets</b>	<b>24,145,906</b>	<b>-</b>	<b>24,145,906</b>
<b>Total assets</b>	<b>\$ 33,829,364</b>	<b>\$ (576,443)</b>	<b>\$ 33,252,921</b>
<b>Liabilities and Members' Equity</b>			
Current liabilities:			
Accounts payable	\$ 1,433,557	\$ -	\$ 1,433,557
Unredeemed gift card liability	1,983,383	-	1,983,383
Current portion of deferred revenue	98,170	568,580	666,750
Current maturities of long-term debt, net	1,697,039	-	1,697,039
Due to related party	1,498,098	-	1,498,098
Distribution payable	3,193,546	-	3,193,546
Other current liabilities	1,124,736	-	1,124,736
<b>Total current liabilities</b>	<b>11,028,529</b>	<b>568,580</b>	<b>11,597,109</b>
Long-term liabilities:			
Deferred revenue, net of current portion	4,659,529	(2,367,640)	2,291,889
Long-term debt, net of current maturities, net	3,067,344	-	3,067,344
<b>Total long-term liabilities</b>	<b>7,726,873</b>	<b>(2,367,640)</b>	<b>5,359,233</b>
<b>Total liabilities</b>	<b>18,755,402</b>	<b>(1,799,060)</b>	<b>16,956,342</b>
Members' equity	15,073,962	1,222,617	16,296,579
<b>Total liabilities and members' equity</b>	<b>\$ 33,829,364</b>	<b>\$ (576,443)</b>	<b>\$ 33,252,921</b>

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 11. Impact of Adopting New Revenue Recognition Standards (Continued)

The following tables reflect the impact of the adoption of Topic 606 on the consolidated statement of operations for the period from January 1, 2019 to September 30, 2019.

	As reported	Impact	Balances under Legacy GAAP
<b>Revenues:</b>			
Franchise fees	\$ 867,922	\$ 784,129	\$ 1,652,051
Royalty fees	8,306,425	-	8,306,425
Product sales	22,331,978	-	22,331,978
<b>Total revenues</b>	<b>31,506,325</b>	<b>784,129</b>	<b>32,290,454</b>
Cost of revenues	20,130,703	-	20,130,703
<b>Gross profit</b>	<b>11,375,622</b>	<b>784,129</b>	<b>12,159,751</b>
Selling, general and administrative expenses	6,535,488	30,341	6,565,829
<b>Income from operations before depreciation and amortization</b>	<b>4,840,134</b>	<b>753,788</b>	<b>5,593,922</b>
Depreciation and amortization	1,472,023	-	1,472,023
<b>Income from operations</b>	<b>3,368,111</b>	<b>753,788</b>	<b>4,121,899</b>
<b>Other income (expense):</b>			
Interest expense	(277,756)	-	(277,756)
Interest income	5,158	-	5,158
Other income (loss), net	13,686	-	13,686
<b>Total other expense</b>	<b>(258,912)</b>	<b>-</b>	<b>(258,912)</b>
<b>Net income</b>	<b>\$ 3,109,199</b>	<b>\$ 753,788</b>	<b>\$ 3,862,987</b>



# **RWIFC Holdings, LLC and Subsidiaries**

Consolidated Financial Statements  
December 31, 2018

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RSM US LLP

## Independent Auditor's Report

To the Members  
RWIFC Holdings, LLC

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of RWIFC Holdings, LLC and Subsidiaries (collectively, the Company) (a limited liability company), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the related consolidated statements of operations, members' equity and cash flows for the year ended December 31, 2018 and for the period from December 30, 2016 to December 31, 2017, and the related notes to the consolidated financial statements (collectively, financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWIFC Holdings, LLC and Subsidiaries for the year ended December 31, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018 and the period from December 30, 2016 to December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

Blue Bell, Pennsylvania  
April 25, 2019

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Balance Sheets  
December 31, 2018 and December 31, 2017**

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 1,119,691	\$ 3,715,863
Accounts and notes receivable, net	790,840	541,789
Inventories	84,894	73,017
Other current assets	58,150	217,789
<b>Total current assets</b>	<b>2,053,575</b>	<b>4,548,458</b>
Property and equipment, net	<b>1,009,629</b>	1,152,122
Other assets:		
Goodwill	8,417,161	8,417,161
Other intangible assets, net	16,774,891	18,198,072
Notes receivable, net of current portion	98,884	66,276
<b>Total other assets</b>	<b>25,290,936</b>	26,681,509
<b>Total assets</b>	<b>\$ 28,354,140</b>	<b>\$ 32,382,089</b>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable	\$ 305,580	\$ 557,799
Unredeemed gift card liability	1,841,924	1,721,241
Current portion of deferred revenue	141,983	498,927
Current maturities of long-term debt, net of discount of \$22,830 and \$44,860	1,691,456	1,669,426
Due to related party	333,789	188,317
Distribution payable	2,288,631	1,075,637
Other current liabilities	899,925	917,941
<b>Total current liabilities</b>	<b>7,503,288</b>	6,629,288
Long-term liabilities:		
Deferred revenue, net of current portion	3,200,410	2,594,419
Long-term debt, net of current maturities, net of discount of \$73,426 and \$87,735	4,340,860	9,340,836
<b>Total long-term liabilities</b>	<b>7,541,270</b>	11,935,255
<b>Total liabilities</b>	<b>15,044,558</b>	18,564,543
Commitments and contingencies (Note 8)		
Members' equity (Preferred Units of 17,498,250 and Common Units of 1,750 as of December 31, 2018 and 2017)	<b>13,309,582</b>	13,817,546
<b>Total liabilities and members' equity</b>	<b>\$ 28,354,140</b>	<b>\$ 32,382,089</b>

See notes to consolidated financial statements.

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statements of Operations**  
**For the year ended December 31, 2018 and for the**  
**period from December 30, 2016 to December 31, 2017**

	<b>2018</b>	<b>2017</b>
Revenues:		
Franchise fees	\$ 1,193,482	\$ 752,486
Royalty fees	8,144,577	8,422,252
Product sales	21,882,589	23,267,090
<b>Total revenues</b>	<b>31,220,648</b>	<b>32,441,828</b>
Cost of revenues	<b>23,860,403</b>	25,345,690
<b>Gross profit</b>	<b>7,360,245</b>	7,096,138
Selling, general and administrative expenses	<b>5,213,636</b>	6,631,755
Transaction costs	-	970,805
<b>Income (loss) from operations before depreciation and amortization</b>	<b>2,146,609</b>	(506,422)
Depreciation and amortization	<b>1,905,629</b>	1,807,327
<b>Income (loss) from operations</b>	<b>240,980</b>	(2,313,749)
Other income (expense):		
Interest expense	(562,422)	(546,474)
Interest income	118,157	14,725
Other income, net	464	27,257
<b>Total other expense</b>	<b>(443,801)</b>	<b>(504,492)</b>
<b>Net loss</b>	<b>\$ (202,821)</b>	<b>\$ (2,818,241)</b>

See notes to consolidated financial statements.

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statements of Members' Equity**  
**For the year ended December 31, 2018 and for the**  
**period from December 30, 2016 to December 31, 2017**

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Balance, December 30, 2016	\$ 17,500,000
Contributions	211,424
Distributions	(1,075,637)
Net loss	<u>(2,818,241)</u>
Balance, December 31, 2017	13,817,546
Incentive unit compensation	57,851
Contributions	850,000
Distributions	(1,212,994)
Net loss	<u>(202,821)</u>
<b>Balance, December 31, 2018</b>	<b><u><u>\$ 13,309,582</u></u></b>

See notes to consolidated financial statements.

**RWIFC Holdings, LLC and Subsidiaries**

**Consolidated Statements of Cash Flows**  
**For the year ended December 31, 2018 and for the**  
**period from December 30, 2016 to December 31, 2017**

	2018	2017
Cash flows from operating activities:		
Net loss	\$ (202,821)	\$ (2,818,241)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Incentive unit compensation	57,851	-
Depreciation and amortization	1,905,629	1,807,327
Noncash interest expense	36,340	51,905
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(281,659)	764,144
Inventories	(11,877)	52,699
Other current assets	159,639	(44,797)
Increase (decrease) in:		
Accounts payable	(252,219)	155,976
Deferred revenue	249,047	724,029
Unredeemed gift card liability	120,683	142,781
Related party payable	145,471	143,019
Other liabilities	(18,015)	(693,392)
<b>Net cash provided by operating activities</b>	<b>1,908,069</b>	<b>285,450</b>
Cash flows from investing activities:		
Acquisition of property and equipment	(289,955)	(369,802)
Acquisition of intangible assets	(50,000)	-
<b>Net cash used in investing activities</b>	<b>(339,955)</b>	<b>(369,802)</b>
Cash flows from financing activities:		
Repayment of long-term debt	(5,014,286)	(857,143)
Contribution	850,000	211,424
<b>Net cash used in financing activities</b>	<b>(4,164,286)</b>	<b>(645,719)</b>
<b>Net decrease in cash</b>	<b>(2,596,172)</b>	<b>(730,071)</b>
Cash:		
Beginning	3,715,863	4,445,934
Ending	\$ 1,119,691	\$ 3,715,863

See notes to consolidated financial statements.



## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** RWIFC Holdings, LLC (“Holdings”), a Delaware limited liability company, was organized for the purpose of facilitating Rita’s Franchise Company, LLC (“Franchisor”) purchasing the Rita’s franchise system (the “franchise system”) in December 2016 (the “Transaction”). In connection with the Transaction, RGCC, LLC (“Gift Card”), was formed to manage all aspect of the gift card program for the franchise system. RWI Franchise Corp (“RWI”), a Delaware corporation, is a wholly-owned subsidiary of Holdings. Holdings and RWI own the entire ownership interest in Franchisor, and Franchisor is a wholly-owned subsidiary of Holdings through Holdings’ ownership of RWI. Gift Cards is a wholly-owned subsidiary of Holdings. All significant intercompany accounts and transactions have been eliminated. The consolidated group (including Holdings, RWI, Franchisor and Gift Card) is referred to as the “Company.”

RWI is a Delaware corporation. Franchisor is a Delaware limited liability company. Gift Card is a Pennsylvania limited liability company. Franchisor grants franchise licenses for the right to establish and operate franchised shops featuring Italian ice and other frozen confections and approved menu items. All franchised shops are operated by independent operators under the terms of franchise agreements. Franchisor also operates a training facility referred to as Cool University.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations of credit risk:** Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash deposits in financial institutions in excess of federally insured limits. Management believes the risk is mitigated by maintaining all deposits in high quality financial institutions.

**Franchise operations:** Franchisor currently grants franchise licenses to open and operate franchised shops in a designated area. Franchisor also grants development rights to open and operate a specified number of franchised shops in a designated geographic area. Franchise agreements typically have a 10-year term. Development agreements have a term based on the agreed upon timeframe for opening franchised shops in accordance with a development schedule set forth in the development agreement.

**Gift card sales and redemptions:** Gift Card sells gift cards through Franchisor’s franchisees, as well as online and through third party retailers. Gift Card records a liability at the time of sale until the gift card is redeemed at a franchised shop, at which time, the liability is relieved.

**Revenue recognition:** Revenues are recorded when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the Company’s prices to buyers are fixed or determinable, and collectability is reasonably assured.

The Company derives its significant revenue from the following five principal sources:

Franchise fees are generally recognized as the fees are earned which is generally when the franchised shop begins operations. Unearned franchise fees are included in deferred revenue in the accompanying balance sheets. Costs associated with supporting the franchise system are generally expensed as incurred which generally include providing the following supervision, assistance and services: site selection, prototype shop design, training and pre-opening assistance, an operations manual, continuing assistance and advertising and promotional materials.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Area development fees and master franchise fees, which are both non-refundable, are charged based upon the location and size of the territory. Area development agreements are domestic and require the area developer to sell and/or open a specified number of shops in the development area within a specified time period or the agreements may be terminated by the Company. Revenue from area development agreements is deferred and recognized on a pro rata basis according to the minimum number of agreements required to be executed, or at the time the area development agreement is effectively terminated.

Master franchise agreements are international and typically allow the master licensee to either act as the franchisee or to sub-franchise to other operators. Master franchise fees are recognized when substantially all the services required of the Company are complete. These services principally consist of training performed domestically and vary based on the specific terms of the agreement. Area development fees and master franchise fees are included in franchise fees on the consolidated statements of operations.

Royalty fees are generally charged at 6.5%, which is based upon the estimated amount of gross sales that franchised shops can derive from the sale of menu items prepared from products purchased from Franchisor. Franchise royalty fees are recognized as earned.

Product sales represent revenues generated by the sale of products to franchisees.

**Vendor rebates:** Vendor rebates consist primarily of rebates received from the suppliers of product mixes and certain equipment vendors. The product mixes are manufactured for Franchisor and Franchisor sells the product mixes to franchisees using Franchisor's four distribution agents. Franchisor receives rebates or allowances based on Franchisor's purchases from the manufacturers. Additionally, Franchisor receives certain rebates from certain designated suppliers to franchisees based on franchisee purchases. The rebates remain consistent year-over-year; however, the overall percentages may vary slightly due to variations in purchases by Franchisor and its franchisees. Franchisor records an estimate of earned vendor rebates that are calculated based upon monthly purchases. Franchisor generally receives payment from vendors approximately 30 days after the quarter end for that quarter's purchases.

**Advertising costs:** Franchisor has established an advertising fund for the common benefit of the franchisees and the advertising fund is funded by required contributions from franchisees, based on a percentage of their sales revenue. Franchisor uses the contributions to the advertising fund to pay for system-wide advertising, marketing and promotional programs.

Contributions have been collected in advance for future advertising, marketing and promotional programs and Franchisor is obligated to spend the fees on behalf of the franchise system. Related advertising obligations are accrued and the costs expensed at the same time the related contributions are recognized. These advertising fees are recorded as a liability against which specific costs are charged.

Certain employees of the Company perform work for the advertising fund. The Company charges the advertising fund based upon the actual expenditures for these employees. The total amount charged to the advertising fund was approximately \$631,000 for the year ended December 31, 2018 and approximately \$606,000 for the period from December 30, 2016 to December 31, 2017.

**Accounts and notes receivable:** Accounts and notes receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Inventories:** Inventories are valued at the lower of cost (first-in, first-out) or net realizable value and consist solely of finished goods.

**Deferred financing costs:** Deferred financing costs are amortized by the effective interest method, over the term of the related debt and are recorded as a contra liability in long-term debt on the consolidated balance sheets. Amortization expense was \$36,340 for the year ended December 31, 2018 and \$51,905 for the period from December 30, 2016 to December 31, 2017.

**Property and equipment:** Property and equipment acquired through the acquisition is recorded at fair value. All other property and equipment is stated at cost. Depreciation subsequent to the acquisition is provided on the straight-line method over 3 to 10 years, the estimated useful lives of the assets.

Maintenance and repairs, which are not considered to extend the useful life of assets, are charged to operations as incurred. The cost of assets sold or retired and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in non-operating expense for the period.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

**Goodwill:** Goodwill represents the difference between the purchase price of the acquired assets and the related fair value of the net assets acquired. The Company tests goodwill for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. In conducting its impairment testing, the Company compares the fair value of each reporting unit to the related net book value. If the fair value of a reporting unit exceeds its net book value, goodwill is not considered to be impaired. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing in December each year. For the year ended December 31, 2018 and for the period from December 30, 2016 to December 31, 2017, the Company determined that the recorded value for goodwill and other intangibles has not been impaired.

**Intangible assets:** The Company evaluates the useful lives of intangible assets. Reaching a determination on useful life requires significant judgments and assumptions. Intangible assets include franchise agreements, supply agreements, recipes and trade names which are amortized on a straight-line basis over its useful lives ranging from three to eighteen years.

**Impairment of long-lived assets:** The Company reviews long-lived assets, including property and equipment and definite lived intangibles, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assessed may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If the asset is determined to be impaired, the impairment recognized is measured by the amount by which the carrying value of the asset exceeds its fair value.

**Income taxes:** As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

For the year ended December 31, 2018, management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements. The Company is not subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2016.

The subsidiaries are considered disregarded entities for tax purposes. As such, the operations of the subsidiaries are combined with, and included with, Holdings for income tax purposes.

**Recent accounting pronouncements:** In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Company for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Company has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

**Subsequent events:** Management evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through April 25, 2019, the day the consolidated financial statements were approved and authorized for issuance.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Accounts and Notes Receivable

Accounts and notes receivable consist of the following at December 31, 2018 and December 31, 2017:

	2018	2017
Franchisees – net of allowance for doubtful accounts of approximately \$115,000 and \$72,000	\$ 315,012	\$ 180,912
Current portion of notes receivable	126,767	162,295
Vendor rebates	264,266	98,959
Other	84,795	99,623
	<u>\$ 790,840</u>	<u>\$ 541,789</u>

The current portion of notes receivable includes amounts due from certain franchisees for the purchase of product, equipment, and/or promotional items. These notes are generally collateralized by the equipment and promotional items purchased by the franchisees with the proceeds. The notes bear interest ranging from 0% to 8% and are receivable through October 2022.

#### Note 3. Property and Equipment

Property and equipment consists of the following at December 31, 2018 and 2017:

	2018	2017
Equipment	\$ 209,589	\$ 181,801
Leasehold improvements	277,111	268,173
Computer equipment	1,202,178	972,753
Furniture and fixtures	74,602	64,793
Vehicles	13,995	-
	<u>1,777,475</u>	<u>1,487,520</u>
Less accumulated depreciation	<u>(767,846)</u>	<u>(335,398)</u>
	<u>\$ 1,009,629</u>	<u>\$ 1,152,122</u>

Depreciation expense was \$432,448 for the year ended December 31, 2018 and \$335,398 for the period from December 30, 2016 to December 31, 2017.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 4. Other Intangible Assets

Other intangible assets consist of the following at December 31, 2018 and 2017:

	2018			
	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Life
Supply agreement	\$ 1,260,000	\$ 840,000	\$ 420,000	3 years
Franchise agreements	8,920,000	1,049,412	7,870,588	17 years
Recipes	4,950,000	550,000	4,400,000	18 years
Trade names	4,540,000	504,444	4,035,556	18 years
Territory assets	50,000	1,253	48,747	7 years
	<u>\$ 19,720,000</u>	<u>\$ 2,945,109</u>	<u>\$ 16,774,891</u>	
	2017			
	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Life
Supply agreement	\$ 1,260,000	\$ 420,000	\$ 840,000	3 years
Franchise agreements	8,920,000	524,706	8,395,294	17 years
Recipes	4,950,000	275,000	4,675,000	18 years
Trade names	4,540,000	252,222	4,287,778	18 years
	<u>\$ 19,670,000</u>	<u>\$ 1,471,928</u>	<u>\$ 18,198,072</u>	

Amortization of amortizable intangible assets for each of the five years subsequent to December 31, 2018 is as follows:

Years ending December 31:	
2019	\$ 1,479,446
2020	1,059,446
2021	1,059,446
2022	1,059,446
2023	1,059,446
Thereafter	11,057,661
	<u>\$ 16,774,891</u>

Amortization expense for intangible assets was \$1,473,181 for the year ended December 31, 2018 and \$1,471,928 for the period from December 30, 2016 to December 31, 2017.

#### Note 5. Long-Term Debt

On December 30, 2016, the Company entered into a \$3,000,000 revolving credit loan agreement (Revolving Credit Loan) that bears an interest at LIBOR plus applicable margin, as defined (5.099% at December 31, 2018), and is payable monthly until the maturity date of December 30, 2021. During 2018, the Revolving Credit Loan amount was reduced to \$2,500,000. As of December 31, 2018 and December 31, 2017, the Company had no outstanding borrowings on the Revolver Credit Loan. The Company must also pay an unused facility fee in an amount equal to 0.25% per annum times the average unused portion of maximum Revolving Credit Loan amount, payable quarterly and commencing on the calendar quarter ending December 31, 2016.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 5. Long-Term Debt (Continued)

On December 30, 2016, the Company entered into a \$12,000,000 term loan agreement (Term Loan) that bears interest at LIBOR plus the applicable margin, as defined (5.349% at December 31, 2018), and is payable in equal quarterly installments of principal plus interest through December 30, 2021. The Company is required to make mandatory prepayments of the Term Loan in an amount equal to 25% of the Company's Excess Cash Flow, as defined, for the year then ended.

Borrowings under the loan agreements are collateralized by substantially all of the Company's assets. The agreements also contain various financial and nonfinancial covenants.

Long-term debt consists of the following at December 31, 2018 and 2017:

	2018	2017
Term Loan	\$ 6,128,572	\$ 11,142,857
Less long term portion of unamortized discount	73,426	87,735
	6,055,146	11,055,122
Less current maturities	1,691,456	1,669,426
Less current portion of unamortized discount	22,830	44,860
	<u>\$ 4,340,860</u>	<u>\$ 9,340,836</u>

Approximate future aggregate maturities of long-term debt are as follows:

Years ending December 31:	
2019	\$ 1,714,285
2020	1,714,285
2021	2,700,002
	<u>\$ 6,128,572</u>

Cash paid for interest was \$426,786 for the year ended December 31, 2018 and \$446,986 for the period from December 30, 2016 to December 31, 2017.

#### Note 6. Subordinate Profits Common Units

Subordinate Profits Common Units equivalent to 10% of the outstanding units of the Company are available to be issued to employees and directors of the Company. The Subordinate Profits Common Units are both time vesting units that vest 20% per year and performance vesting units that vest upon the Company's achievement of certain earnings targets through 2022. The Company recognized compensation expense in connection with the issuance of Subordinate Profits Common Units of \$57,851 for the year ended December 31, 2018.

#### Note 7. Retirement Plan

The Company maintains a defined contribution profit sharing plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan generally covers all employees meeting certain age and service requirements. The plan provides for employee elective contributions and discretionary Company matching contributions. Matching contributions were approximately \$105,000 for the year ended December 31, 2018 and \$79,000 for the period from December 30, 2016 to December 31, 2017.

## RWIFC Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 8. Commitments and Contingencies

The Company leases its corporate office. The initial term of the lease is 10 years. The lease includes renewal options and provides that the Company pay maintenance, insurance and property taxes.

Minimum annual rental commitments under noncancelable leases are as follows at December 31, 2018:

	<u>Minimum Lease Commitments</u>
Years ending December 31:	
2019	\$ 373,132
2020	381,548
2021	389,965
2022	230,752
	<u>\$ 1,375,397</u>

Rental expense was \$379,438 for the year ended December 31, 2018 and \$364,211 for the period from December 30, 2016 to December 31, 2017.

The Company is involved in various legal proceedings and litigation arising in the ordinary course of business. In the opinion of the Company's management and legal counsel, the outcome of such proceedings and litigation will not materially affect the Company's financial position or results of operations.

#### Note 9. Related Party Transactions

The Company has agreed to pay MTN Capital Partners, LLC management fees of \$175,000 annually in connection with the planning, strategy, oversight and support to management. The term of the agreement is five years and can be renewed after the initial term. Management fees recorded in selling, general and administrative expenses on the consolidated statements of operations was \$175,000 for each of the year ended December 31, 2018 and the period from December 30, 2016 to December 31, 2017.

#### Note 10. Members' Equity

Preferred Unit holders are entitled to a Preferred Return, which equals the sum of 6% of the average daily balance of the Adjusted Preferred Capital Contribution, as defined, compounding quarterly. The Preferred Return at December 31, 2018 and December 31, 2017 was \$2,288,631 and \$1,092,214, respectively.



## GUARANTY of PERFORMANCE

For value received RWIFC Holdings, LLC located at 1210 Northbrook Drive, Suite 310, Trevose, PA 19053, absolutely and unconditionally guarantees the performance by Rita's Franchise Company, LLC ("Rita's"), located at 1210 Northbrook Drive, Suite 310, Trevose, PA 19053 in accordance with the terms and conditions of its franchise and other agreements issued in accordance with the Franchise Disclosure Document and entered into after this date as said franchise and other agreements may hereafter be amended, modified, renewed or extended from time to time. This Guaranty shall continue in force until all obligations of Rita's under the franchise registration and franchise agreements shall have been satisfied or until Rita's liability to said franchisees under the franchise registration and franchise agreements shall have been completely discharged, whichever occurs first. RWIFC Holdings, LLC is not discharged from liability hereunder as long as any claim by the franchisee against Rita's remains outstanding. Notice of acceptance is waived. Notice of default on the part of Rita's is not waived. This Guaranty shall be binding on RWIFC Holdings, LLC, its successors and assignees.

In Witness Whereof, RWIFC Holdings, LLC has, by a duly authorized officer, executed this Guaranty at Trevose, Pennsylvania as of January 7, 2021.

RWIFC Holdings, LLC

By:   
Kirk B. Griswold, Managing Member

**EXHIBIT I TO  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS**

**CALIFORNIA**

Department of Business Oversight  
320 West 4th Street  
Suite 750  
Los Angeles, California 90013  
(866) 275-2677

**HAWAII**

Securities Examiner  
Department of Commerce & Consumer Affairs  
Business Registration Division  
335 Merchant Street  
Honolulu, Hawaii 96813

**ILLINOIS**

Office of Attorney General  
Franchise Division  
500 South Second Street  
Springfield, Illinois 62706

**INDIANA**

Secretary of State  
Franchise Section  
Indiana Securities Division  
302 West Washington, Room E-111  
Indianapolis, Indiana 46204

**MICHIGAN**

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
670 Law Building  
Lansing, Michigan 48913

**MINNESOTA**

Department of Commerce  
85 7th Place East  
Suite 280  
St. Paul, Minnesota 55101-2198

**NEBRASKA**

Department of Banking and Finance  
1200 N Street  
Suite 311  
P.O. Box 95006  
Lincoln, Nebraska 68509

**NEW YORK**

Bureau of Investor Protection and Securities  
New York State Department of Law  
23rd Floor  
120 Broadway  
New York, New York 10271

**KENTUCKY**

Commonwealth of Kentucky  
Office of the Attorney General  
Consumer Protection Division  
1024 Capital Center Drive  
P.O. Box 2000  
Frankfort, Kentucky 40602

**MARYLAND**

Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

**SOUTH DAKOTA**

Department of Labor and Regulation  
Division of Securities  
124 South Euclid Suite 104  
Pierre, South Dakota 57501

**TEXAS**

Statutory Document Section  
Secretary of State  
P.O. Box 12887  
Austin, Texas 78711

**VIRGINIA**

State Corporation Commission  
Division of Securities and Retail Franchising  
Ninth Floor  
1300 East Main Street  
Richmond, Virginia 23219

**NORTH DAKOTA**

Office of Securities Commissioner  
Fifth Floor  
600 East Boulevard  
Bismarck, North Dakota 58505

**RHODE ISLAND**

Director of Business Regulation  
Department of Business Regulation  
1511 Pontiac Avenue, Building 69-1  
Cranston, RI 02910

**WASHINGTON**

Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, WA 98504

**WISCONSIN**

Franchise Registration Division  
Office of the Wisconsin  
Commissioner of Securities  
101 East Wilson Street  
Madison, Wisconsin 53702

**EXHIBIT J TO  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF AGENTS FOR  
SERVICE OF PROCESS**

**CALIFORNIA**

Commissioner of Business Oversight  
Department of Business Oversight  
320 West 4th Street  
Suite 750  
Los Angeles, California 90013  
(866) 275-2677

**HAWAII**

Commissioner of Securities of the State of Hawaii  
Department of Commerce & Consumer Affairs  
Business Registration Division  
335 Merchant Street  
Honolulu, Hawaii 96813

**ILLINOIS**

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

**INDIANA**

Secretary of State  
302 West Washington, Room E-111  
Indianapolis, Indiana 46204

**KENTUCKY**

Commonwealth of Kentucky  
Office of the Attorney General  
Consumer Protection Division  
1024 Capital Center Drive  
P.O. Box 2000  
Frankfort, Kentucky 40602

**MARYLAND**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

**MICHIGAN**

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
670 Law Building  
Lansing, Michigan 48913

**MINNESOTA**

Commissioner of Commerce  
85 7th Place East  
Suite 280  
St. Paul, Minnesota 55101-2198

**NEBRASKA**

Department of Banking and Finance  
1200 N Street  
Suite 311  
P.O. Box 95006  
Lincoln, Nebraska 68509

**NEW YORK**

Secretary of State  
162 Washington Avenue  
Albany, New York 10271

**NORTH DAKOTA**

Securities Commissioner  
600 East Boulevard, Fifth Floor  
Bismarck, North Dakota 58505

**RHODE ISLAND**

Director of Business Regulation  
Department of Business Regulation  
1511 Pontiac Avenue, Building 69-1  
Cranston, Rhode Island 02910

**SOUTH DAKOTA**

Department of Labor and Regulation  
Division of Securities  
124 South Euclid Suite 104  
Pierre, South Dakota 57501

**WASHINGTON**

Department of Financial Institutions  
Securities Division  
150 Israel Rd SW  
Tumwater, Washington 98501

**TEXAS**

Statutory Document Section  
Secretary of State  
P.O. Box 12887  
Austin, Texas 78711

**WISCONSIN**

Administrator,  
Franchise Registration Division  
Office of the Wisconsin  
Commissioner of Securities  
101 East Wilson Street  
Madison, Wisconsin 53702

**VIRGINIA**

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

**EXHIBIT K TO  
FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE COMPLIANCE CERTIFICATION**

## FRANCHISE COMPLIANCE CERTIFICATION

As you know, Rita’s Franchise Company, LLC (“we” or “us”) and you are preparing to enter into a Franchise Agreement and/or Development Agreement (the “Agreement(s)”) for the operation of a Franchised Business(es). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Agreement(s) and each exhibit and schedule attached to them?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

2. Do you understand all of the information contained in the Agreement(s) and each exhibit and schedule attached to them?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

If “No,” what parts of the Agreement(s) do you not understand? (Attach additional pages, if necessary)

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3. Have you received and personally reviewed the Rita’s Franchise Company, LLC Franchise Disclosure Document (the “Franchise Disclosure Document”) we provided to you?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

4. Do you understand all of the information contained in the Franchise Disclosure Document?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

If “No”, what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

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5. Have you discussed the benefits and risks of operating a Franchised Business(es) with an attorney, accountant or other professional advisor?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

6. Do you understand that the success or failure of your Franchised Business(es) will depend in large part upon your skills and abilities, competition from other businesses, weather, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

7. Do you understand that we do not provide funding or financing for Franchised Businesses and you will solely be responsible for obtaining funding and/or financing for your Franchised Businesses?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business(es) operated by us, our affiliate, or our franchisees?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business(es) that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business(es)?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business(es) will generate?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_



12. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business(es) that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

13. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business(es)?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

14. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

If you have answered "Yes" to any of questions 8 through 14, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

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15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us as the franchisor?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

16. Do you understand that there are no promises, agreements, "side deals," arrangements, written or oral that are not in the Agreement(s)?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

17. Do you understand that most disputes and claims you may have against us must be resolved by arbitration?

Yes \_\_\_ No \_\_\_ Your Initials: \_\_\_\_\_

18. Have you discussed the benefits and risks of establishing and operating a Franchised Business(es) with an attorney, accountant, or other professional advisor?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

19. Do you understand that there are a variety of location types for Franchised Business(es) (i.e., free standing, downtown, strip center, interior mall, entertainment center, transportation center, captive, and lifestyle center) and that average revenue and operating costs for each category vary widely?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

20. Do you acknowledge that there is a COVID-19 pandemic; know that governments have shut down and may, in the future shut down businesses; know that many businesses (including Franchised Business(es)) are closed or operating on a limited basis; understand that there is no way of knowing when COVID-19 will be under control; understand that this may impact your timeline for developing or opening the Franchised Business(es); know there is no way of projecting similar or future events; and acknowledge you are nonetheless electing to move forward?

Yes\_\_\_\_ No\_\_\_\_ Your Initials: \_\_\_\_\_

You understand that your answers are important to us and we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

All representations requiring you 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.

**FRANCHISEE**

\_\_\_\_\_ (entity name if applicable)

\_\_\_\_\_

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

Title: \_\_\_\_\_ (if there is an entity)

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

**EXHIBIT L TO  
FRANCHISE DISCLOSURE DOCUMENT**

**STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT**

**CALIFORNIA DISCLOSURE**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the Franchise Disclosure Document for Rita's Franchise Company, LLC for use in the State of California shall be amended as follows:

1. Neither Rita's Franchise Company, LLC ("we" or "us") nor any person identified in Item 2 of the Disclosure Document is currently 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. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.

2. Item 17 of the Disclosure Document is supplemented to include the following language:

California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement requires application of the laws of the State of Pennsylvania. This provision may not be enforceable under California law.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law. You must sign a general release if you transfer your rights under the Franchise Agreement. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a choice of forum provision that requires you to litigate or arbitrate any dispute in Pennsylvania or at the location closest to our principal place of business, and all of the costs of the litigation, including reasonable attorneys' fees of the prevailing party, must be paid by the party who did not prevail. You 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 to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

3. Section 31125 of the California Corporation Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.
4. 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.
5. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

**ILLINOIS DISCLOSURE**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the Franchise Disclosure Document of Rita's Franchise Company, LLC for use in the State of Illinois shall be amended as follows:

1. Item 17(b), under the heading entitled "Renewal or extension of the term," for the Franchise Agreement shall be amended by adding the following language at the end of the Item:

Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/20.

2. Item 17(f), under the heading entitled "Termination by us with cause," for the Franchise Agreement shall be amended by adding the following language at the end of the Item:

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

3. Item 17(g), under the heading entitled "Cause-curable defaults" for the Franchise Agreement shall be amended by adding the following language at the end of the Item:

The time frame to cure defaults, excluding defaults for safety or security issues, shall be 30 days in accordance with the Illinois Franchise Disclosure Act of 1987.

4. Item 17(v), under the heading entitled "Choice of forum," for the Franchise Agreement shall be amended by adding the following language at the end of the Item:

You may commence any action against Rita's Franchise Company, LLC in Illinois with respect to any cause of action arising under the Illinois Franchise Disclosure Act of 1987.

5. Item 17(w), under the heading entitled "Choice of law," for the Franchise Agreement shall be amended by adding the following language at the end of the Item:

Illinois law, however, will apply to all claims arising under the Illinois Franchise Disclosure Act of 1987.

6. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Addendum to the Franchise Disclosure Document.

**INDIANA DISCLOSURE**

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the Franchise Disclosure Document of Rita's Franchise Company, LLC for use in the State of Indiana shall be amended as follows:

1. Item 12 shall be amended by adding the following language at the end of the Item:

Rita's will not compete unfairly with you within your Territory.

2. Items 17(b) and 17(c), under the headings "Renewal or extension of the term" and "Requirements for you to renew or extend" for the Franchise Agreement shall be amended by adding the following language at the end of each Item:

Rita's will not refuse to renew the Franchise Agreement without good cause.

3. Item 17(f), under the heading, "Termination by Us With Cause," for the Franchise Agreement and Development Agreement shall be amended by the addition of the following language:

The conditions under which your rights can be terminated may be affected by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

4. Items 17(q) and (r), under the headings "Non-competition covenants during the term of Franchise Agreement" and "Non-competition covenants after the term of the Franchise Agreement" for the Franchise Agreement, shall be amended by adding the following language at the end of each Item:

Notwithstanding the above, your rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2.7-1(9), which limits the scope of non-competition covenants to the exclusive area granted in the Franchise Agreement.

5. Items 17(q) and (r), under the headings "Non-competition covenants during the term of the Development Agreement" and "Non-competition covenants after the Development Agreement is terminated or expires" for the Development Agreement, shall be amended by adding the following language at the end of each Item:

Notwithstanding the above, your rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2.7-1(9), which limits the scope of non-competition covenants to the exclusive area granted in the Development Agreement.

6. Items 17(u) and (v), under the headings "Dispute resolution by arbitration or mediation" and "Choice of Forum" for the Franchise Agreement and Development Agreement, shall be amended by adding following language at the end of each Item:

To the extent required by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, a franchisee or developer that operates a franchised office in Indiana may require, at the franchisee's or developer's option, that litigation or arbitration concerning such franchise take place in Indiana.

## ***Indiana***

7. Each provision of this Disclosure to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met.

**MARYLAND DISCLOSURE**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Rita's Water Ice Franchise Company, LLC shall be amended as follows:

1. The following shall be added to Items 17c. and 17m. with respect to the general release required as a condition of renewal, assignment/transfer and termination:

The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following shall be added to Items 17u., 17v. and 17w.:

Except that you may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

3. Each provision of this Disclosure shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met.



**MINNESOTA DISCLOSURE**

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols 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. §80C.12, Subd. 1(g).

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Non-sufficient fund checks are governed by Minnesota Statute 604.113, which places a cap of \$30 on a non-sufficient fund check. If the check is written in Minnesota and the attempt to collect from the bank was in Minnesota then Minnesota law will prevail. Item 6 of the Franchise Disclosure Document is amended accordingly.

**NEW YORK DISCLOSURE**

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for Rita's Franchise Company, LLC for use in the State of New York shall be amended as follows:

1. Item 3 is supplemented as follows:

Except as described above, neither the franchisor, its predecessor, nor any person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal mark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective 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. If so, disclose the name of the person; the public agency, association, or exchange; the court, or other forum; a summary of the allegations or facts found by an agency, association, exchange, or court; and the date, nature, terms and conditions of the order of decree.

2. Item 4 shall be supplemented as follows:

Neither the franchisor, its affiliate, its predecessor, nor general partner during the 10 year period immediately before the date of the disclosure document: (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 for its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 5 shall be supplemented as follows:

The fees will be used to pay for expenses associated with your training, costs and overhead, and profit.

4. **ADDITIONAL NEW YORK DISCLOSURES**

1. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.

2. THE FRANCHISOR RETAINS THE RIGHT TO DISTRIBUTE ITS PRODUCTS THROUGH COMPANY OWNED OR FRANCHISED OPERATIONS TO RETAIL OUTLETS AND VENDING MACHINES LOCATED IN THE FRANCHISEE'S ASSIGNED AREA.

5. Each provision of this Disclosure shall be effective only to the extent that the jurisdictional requirements of General Business Law of New York State, Sections 680-695, with respect to each such provision, are met.

**NORTH DAKOTA DISCLOSURE**

Under North Dakota law, no modification or change we make to the System Manuals or method of operation may materially affect your status, rights or obligations under the Franchise Agreement.

Any covenants not to compete upon termination or expiration of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the Franchise Agreement is considered unenforceable.

Any provision of the Franchise Agreement, which designates jurisdiction or venue outside of the State of North Dakota or requires Franchisee to agree to jurisdiction or venue in a forum outside of the State of North Dakota, is void with respect to any cause of action, which is otherwise enforceable in the State of North Dakota.

The Franchise Agreement shall be construed under the laws of the State of North Dakota.

The Franchise Agreement will be amended to provide that the statute of limitations under North Dakota law will apply.

Under the North Dakota Franchise Investment Law (Section 51-19-09), any general release required to be executed by Franchisee on renewal of the Franchise Agreement will not apply to any liability under the North Dakota Franchise Investment Law.

**OHIO DISCLOSURE**

In recognition of the requirements of Ohio's Business Opportunity Purchasers Protection Act, and the Ohio Revised Code §§ 1334.03-.06, the Franchise Disclosure Document of Rita's Franchise Company, LLC, for use in the State of Ohio, is being amended to provide you with the following information on your ability to cancel the transaction whereby you executed the Franchise Agreement and/or Development Agreement:

1. Item 5 shall be supplemented with the following language:

Notwithstanding anything to the contrary in Item 5, (i) the franchise fee is refundable if you submit a notice of cancellation prior to midnight of the fifth business day after the date you sign the Franchise Agreement and (ii) the development fee is refundable if you submit a notice of cancellation prior to midnight of the fifth business day after the date you sign the Development Agreement. See a sample notice of cancellation attached as Attachment 1. You must notify us if you intend to exercise your right to cancel the Franchise Agreement or Development Agreement through a written notice of cancellation indicating your intent to cancel such agreement. You may deliver the notice of cancellation by regular mail, electronic mail, facsimile transmission, telegram, manual delivery, or other personal delivery. Notice of cancellation sent by regular mail is effective upon the date of postmark. Notice sent by electronic mail or facsimile is effective when successfully transmitted. Telegram delivery is effective when the telegram is ordered. Manual delivery or other personal delivery is effective when delivered to the seller or to the seller's address, whichever is first. Upon the successful notice of cancellation, within 10 days, we will refund all payments made by you to us in connection with signing the Franchise Agreement or Development Agreement. If you fail to satisfy any of the above requirements, you are not entitled to cancel the Franchise Agreement or Development Agreement or receive a return of the franchise fee or development fee.

**Attachment 1**  
**SAMPLE NOTICE OF CANCELLATION**

Rita's Franchise Agreement [Development Agreement] (the "agreement") dated \_\_\_\_\_  
(enter date of your agreement)

For purposes of this Notice of Cancellation, seller is the Franchisor and I, the franchisee or developer, am the purchaser.

This is notice that I am cancelling this transaction, without penalty or obligation, within five business days from the above date that I signed the agreement. As such, please return my payments made under the agreement (and any negotiable instrument executed by you) within ten business days following the seller's receipt of this Notice of Cancellation, and also cancel any security interest arising out of the transaction. I will make available to the seller at seller's business address all goods delivered to me under the agreement; or, at my option, I will comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If I do make the goods available to the seller and the seller does not pick them up within twenty days of the date of my Notice of Cancellation, I may retain or dispose of them without further obligation. If I fail to make the goods available to the seller, or if I agree to return them to the seller and fail to do so, then I remain liable for the performance of all obligations under the agreement. To cancel this transaction, I am mailing or delivering a signed and dated copy of this Notice of Cancellation or any other written notice, or sending a telegram, to Rita's Franchise Company, LLC, at 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania 19053, or sending a fax to Rita's Franchise Company, LLC at 866-449-0974 or an e-mail to Rita's Franchise Company, LLC at legal@ritacorp.com, not later than midnight of five days after the date I signed the agreement.

I hereby cancel this transaction.

Date: \_\_\_\_\_  
(enter date you sign this Notice of Cancellation)

PURCHASER/FRANCHISEE/DEVELOPER

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

**RHODE ISLAND DISCLOSURE**

For franchises and Franchisees subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Rita's Franchise Company, LLC Franchise Disclosure Document.

1. The sentences in Items 17(v) and 17(w) shall be supplemented with the following language:

except that you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 of the Disclosure Document shall be supplemented by the addition of the following paragraph at the end of the Item:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. This Disclosure only applies to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met.

**SOUTH DAKOTA DISCLOSURE**

Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the state where the franchise is located.

Any provision of the franchise agreement which requires you to agree to jurisdiction and venue outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Notwithstanding any term of the franchise agreement, we are not permitted to terminate the franchise agreement upon default without first affording you thirty (30) days' notice with an opportunity to cure the default within that time.

To the extent required by South Dakota law, all provisions giving any party a right to liquidated damages are hereby deleted from the franchise agreement and the parties shall be entitled to their actual damages instead.



**VIRGINIA DISCLOSURE**

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

1. The following statements are added to Item 17h:

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.

2. This Disclosure only applies to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act are met.

**EXHIBIT M TO  
FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

### **STATE EFFECTIVE DATES**

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

The effective dates of registration or exemption in the states listed below are:

<b>State</b>	<b>Effective Dates</b>
California	December 30, 2020
Florida	Exempt February 21, 2021
Hawaii	N/A
Illinois	April 13, 2021
Indiana	Pending
Maryland	Exempt April 27, 2021
Michigan	February 15, 2021
Minnesota	June 9, 2021
New York	Exempt February 22, 2017
North Dakota	N/A
Rhode Island	Exempt January 20, 2021
South Dakota	N/A
Utah	Exempt January 19, 2021
Virginia	See State-Specific FDD for Virginia
Washington	N/A
Wisconsin	N/A

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 N TO  
FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS (DUPLICATE)**

## Receipt

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

If Rita's Franchise Company, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws, including New York and Rhode Island, require Rita's Franchise Company, LLC to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business days (in Michigan) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Rita's Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit I.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: \_\_\_\_\_, 1210 Northbrook Drive, Suite 310, Trevose, PA 19053, (800) 677-7482. The issuance date of this Franchise Disclosure Document is April 5, 2021 (except those states listed on Attachment 1 that have a different issuance/effective date). We authorize the respective agents identified on Exhibit J to receive service of process for us in the particular states.

I received a Disclosure Document dated as of April 5, 2021 that included the following Exhibits:

- A. Rita's Franchise Agreement
- B. Rita's Satellite Shop Addendum
- C. Rita's Mobile Unit Addendum
- D. Rita's Development Agreement
- E. Sample General Release
- F. Table of Contents of Confidential System Manuals
- G. List of Current and Former Franchisees and Current and Former Developers
- H. Financial Statements
- I. List of Administrators
- J. Agents for Service of Process
- K. Franchisee Compliance Certification
- L. State-specific Disclosures
- M. State Effective Dates
- N. Receipts

The undersigned(s) has/have received the Rita's Franchise Company, LLC Franchise Disclosure Document on behalf of the Prospective Franchisee and all of its owners, shareholders, partners, members, officers and directors.

<b>Printed Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>
_____	_____	_____	_____
_____	_____	_____	_____

Corporate/Partnership/LLC Name: \_\_\_\_\_

**Your Copy – Retain for Your Files**

## Receipt

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- F. Table of Contents of Confidential System Manuals
- G. List of Current and Former Franchisees and Current and Former Developers
- H. Financial Statements
- I. List of Administrators
- J. Agents for Service of Process
- K. Franchisee Compliance Certification
- L. State-Specific Addenda to the Franchise Disclosure Document
- M. State Effective Dates
- N. Receipts

The undersigned(s) has/have received the Rita's Franchise Company, LLC Franchise Disclosure Document on behalf of the Prospective Franchisee and all of its owners, shareholders, partners, members, officers and directors.

Printed Name	Title	Signature	Date
_____	_____	_____	_____
_____	_____	_____	_____

Corporate/Partnership/LLC Name: \_\_\_\_\_

**Our Copy Return to Us**