

FRANCHISE DISCLOSURE DOCUMENT



TCBY Systems, LLC
a Delaware limited liability company
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We offer franchises to own and operate TCBY-branded retail outlets in two different formats: a store and a kiosk. Both formats involve the sale of TCBY-branded frozen yogurt and related products.

The total investment necessary to begin operation of a retail store ranges from \$319,840 to \$635,812. This includes \$35,000 that must be paid to us or our affiliate. The total investment necessary to begin operation of a retail kiosk ranges from \$134,000 to \$259,687. This includes \$35,000 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Development Department, at 8001 Arista Place, Suite 420, Broomfield, CO 80021, (720) 599-3350 or Rhankins@famousbrandsintl.com.

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

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

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

Issuance Date: November 4, 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 E.
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 F 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 TCBY business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a TCBY franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Colorado. Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Colorado than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's parent company's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

STATE OF MICHIGAN DISCLOSURE NOTICE

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 the Michigan Franchise 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 before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on the 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 sub-franchisor.
- (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 these assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to: Michigan Attorney General's Office, Consumer Protection Division, Attn: Franchise Section, G. Mennen Williams Building – 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48933, Telephone Number: (517) 373-7117

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

Note: Despite paragraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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EXHIBITS

- Exhibit A – State Administrators / Agents for Service of Process
- Exhibit B – Franchise Agreement
- Exhibit C – Table of Contents of Operations Manual
- Exhibit D – Assignment and Consent to Transfer
- Exhibit E – Lists of Current and Former Franchisees
- Exhibit F – Financial Statements and Parent Guaranty of Performance
- Exhibit G – State Addenda and Agreement Riders
- Exhibit H – Sample Release Form
- Exhibit I – Representations and Acknowledgment Statement
- Exhibit J – Receipts

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

To simplify the language in this disclosure document, “we” means TCBY Systems, LLC, the franchisor, and “you” means the individual, corporation, or other entity that buys a franchise and signs a Franchise Agreement. If you are a corporation or an entity, a reference to “you” also includes your owners because your owners must sign a personal guaranty and assumption of your obligations.

Franchisor, Parents, Predecessors and Affiliates

We conduct business under the name TCBY Systems, LLC, and various trade names, including TCBY and TCBY Frozen Yogurt. We are a Delaware limited liability company formed on May 30, 2000, and our principal business address is 8001 Arista Place, Suite 420, Broomfield, Colorado 80021. We were formed to offer, sell and service franchises for Stores (as defined below). We do not currently own or operate any Stores. We have offered franchises for Stores from June 2000 through March 2015 and from January 2017 to the present. Except as disclosed below, we have never offered franchises for any other concepts, but we may do so in the future. We disclose our agents for service of process in Exhibit A. We have no predecessors.

We are a wholly owned subsidiary of TCBY Enterprises, LLC (“TCBY Enterprises”). TCBY Enterprises is wholly owned by Mrs. Fields Famous Brands, LLC (“MFFB”), which previously owned and operated Stores, but currently owns none. MFFB is a wholly owned subsidiary of Mrs. Fields’ Original Cookies, LLC (“MFOC”), which was formerly Mrs. Fields Original Cookies, Inc. but which converted to a limited liability company on June 28, 2020. MFOC is a wholly owned subsidiary of MFOC Holdco, Inc. (“Holdco”), which is a wholly owned subsidiary of Famous Brands Finance Holdings, LLC (“FBFH”), which is a wholly owned subsidiary of Famous Brands Holdings, LLC (“FBH”). Each of TCBY Enterprises, MFFB, MFOC and Holdco shares our principal business address. FBFH’s and FBH’s principal business address is 1330 Avenue of the Americas, 16th Floor, New York, New York 10019.

Two of our affiliates have offered franchises for other concepts. Mrs. Fields Franchising, LLC (“MFF”), a Delaware limited liability company which shares our address, offered franchises for Mrs. Fields-branded retail outlets from March 2004 through March 2015. It again began offering franchises for Mrs. Fields-branded retail outlets in January 2017 and has continued to do so since then. MFF does not own or operate any Mrs. Fields-branded stores, and as of July 3, 2021 (the end of our most recent fiscal year), there were 128 franchised Mrs. Fields-branded stores in operation. In addition to offering franchises for TCBY-branded retail businesses from April 2015 through December 2016, Famous Brands Franchising, LLC (“FBF”), a Delaware limited liability company which shares our address, offered franchises during that same period for Mrs. Fields-branded retail outlets and for businesses that were co-branded with both the Mrs. Fields and TCBY brands. In January 2017, FBF assigned all of its interests in the franchises (i) for Mrs. Fields-branded stores to MFF and (ii) for Stores to us. As of the date of this disclosure document, FBF does not offer, operate or own franchises in any line of business.

Other than as disclosed above, no parents, predecessors, or affiliates are required to be disclosed in this Item. Other than as disclosed above, none of our parents, predecessors, or affiliates has owned or offered franchises in any line of business or conducted the type of business that is the subject to the franchise.

Description of the Franchises Offered

Franchise Agreement

We currently offer franchises for retail stores (“Stores”) identified by the Marks (as defined below), which offer products we approve or require from time to time, including premium soft serve frozen yogurt, hand-dipped frozen yogurt and other frozen and non-frozen dessert and treat items, such as cakes and pies, sorbet, smoothies, fresh yogurt, mix-ins, toppings, chocolate, dried fruit, nuts, candies, popcorns and drinks (“Approved Products”). Unless otherwise noted, the term “Store” refers to both Stores and Kiosks. The term “Kiosks” refers to franchised Stores with a smaller footprint than average Stores, typically between 600 and 900 square feet. Kiosks are generally located in strip malls, freestanding buildings and lifestyle centers. Stores are identified by the “Marks,” which include trademarks, trade names, service marks, logos and other commercial symbols that we authorize franchisees from time to time to use to identify their Stores and the Approved Products, including the trademarks and service marks TCBY® and THE COUNTRY’S BEST YOGURT® and the associated trade dress.

You will acquire the franchise to develop, own and operate a Store by signing a franchise agreement (a “Franchise Agreement”). A copy of our current form of Franchise Agreement is attached to this disclosure document as Exhibit B. If you enter into a Franchise Agreement, you will be authorized to use the “System” in the operation of your Store. The System includes our business formats, signs, equipment, methods, procedures, designs, layouts, standards, and specifications, including the use of the Marks.

Vending Machine Agreement

From June 2016 through September 2017 we offered franchises to own and operate a TCBY®-branded vending machine (the “Machine”) under a vending machine Operating Agreement (the “Vending Agreement”). Machines sell and dispense assorted TCBY®-branded frozen yogurt products and toppings to individual customers. As of July 3, 2021, we had 10 vending machines in operation, each of which is franchised. We currently have no plans to offer franchises for vending machines in the future.

Area Director Businesses

Previously we offered certain prospects the opportunity to enter into an area director agreement where an entity or individual would: (i) solicit prospective franchisees and, as we request, assist in the franchise sales process; (ii) perform certain site acquisition and development services; and (iii) render compliance and enforcement services for and on behalf of us, and provide additional marketing, operational, training and field support services to franchisees (each an “Area Director”). We stopped offering area director agreements in September 2011 and, other than offering renewal area director franchises, we currently have no plans to do so in the future. We currently have 1 Area Director in operation. Area Directors do not exercise management responsibility with respect to the sales or operations of franchises.

Market and Competition

The market for your business is the general public. You will also offer several fat-free and/or no sugar added products targeted toward customers who are looking for a low-fat satisfying treat. Sales tend to be seasonal, with the highest sales typically occurring during the warmer months of the year. The difference in sales from season to season varies depending upon the climate where a particular Store is located. You should consider that the market for frozen yogurt may be impacted by these seasonal changes. The retail frozen yogurt industry is mature and highly competitive.

Stores compete with other frozen yogurt and ice cream shops, all other stores, restaurants and retail outlets that offer dessert and snack items generally and soft-serve frozen desserts and smoothies specifically. You will also compete with convenience stores, quick service restaurants, fast food chains and internet catalog sellers. The market for the products is well developed and competitive.

Some of these competitive stores or outlets are or may be owned, managed, franchised or licensed by one of our affiliates. Your competition includes other existing TCBY franchisees that may operate, or have the right to operate, Stores under different formats or who have entered into agreements with us that contain terms significantly different than those in the Franchise Agreement. Competition may also include sales made by one of our affiliates through alternative channels of distribution, such as Internet sales, gifting, and vending machines. We and our affiliates may also enter into co-branding arrangements, and these activities may compete with you.

Laws and Regulations

In addition to laws and regulations that apply to business generally, Stores may be subject to federal, state, and local laws and regulations pertaining to food labeling, sanitation, and weights and measurement. You should also be aware of federal, state, and local employment laws and regulations, specifically including minimum age and wage requirements. Local law requirements vary by location.

Some states may require franchisees to obtain restaurant, business, occupational, food products, and miscellaneous licenses. Some states also have laws regarding who may secure these licenses. You may also have to obtain health licenses and to comply with health laws and regulations that apply to restaurant and food product sales establishments. You should inquire about these laws and regulations.

You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such laws and regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2 **BUSINESS EXPERIENCE**

Nelson Tejada: Chief Executive Officer

Mr. Tejada has been our, MFF's, and MFFB's Chief Executive Officer since September 17, 2020. From November 2019 through September 2020, Mr. Tejada was exploring other opportunities. Before that, Mr. Tejada held various officer-level positions at Things Remembered, which is headquartered in Highland Heights, Ohio, including President and Chief Executive Officer from June 2017 to November 2019, and Chief Merchandising Officer and Store Sales Officer from August 2016 to June 2017. Mr. Tejada works primarily from Aurora, Ohio.

Betsy Schmandt: President, Franchising

Betsy Schmandt has been our, MFF's, and MFFB's President, Franchising, located in Broomfield, Colorado, since January 2020. From February 2018 to December 2019, she served as our Senior Director, Franchise Marketing & Licensing. From March 2017 to February 2018, she served as our Director, Franchise Marketing & Licensing, and from February 2016 to March 2017, she served as our Senior Manager, Innovation & Licensing.

Julie Girardot: Vice President of Finance

Julie Girardot is employed by our parent, MFFB, and has been our, TCBY's and MFFB's Vice President of Finance since December 2020. From March 2017 to December 2020, Ms. Girardot was employed by Things Remembered, which is headquartered in Highland Heights, Ohio, serving most recently as the company's Vice President of Finance. From March 2007 to March 2017, Ms. Girardot served as Vice President of Accounting for Arhaus Furniture, which is headquartered in Boston Heights, Ohio. Ms. Girardot works primarily in Broomfield, Colorado.

Richard T. Hankins: Senior Director of Development and Real Estate

Mr. Hankins is employed by our parent, MFFB, and has been our, MFF's, and MFFB's Senior Director of Development and Real Estate since June 2015. Mr. Hankins primarily works from Harrisburg, Pennsylvania.

Brian Mooney: Senior Director of Franchise Operations

Brian Mooney has been our and MFF's Senior Director of Franchise Operations since October 2016, working primarily from Virginia Beach, Virginia.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

You must pay us, on your execution of the Franchise Agreement, a nonrecurring, non-refundable initial franchise fee in the amount of \$35,000.

We may reduce the initial franchise fee to \$25,000 if you are an honorably discharged veteran of the United States military or if you are an existing franchisee. We may modify or eliminate these discounted initial franchise fee programs at any time.

Except as described above, the initial franchise fee is uniform and deemed fully earned by us when we sign the Franchise Agreement.

ITEM 6
OTHER FEES

Type of Fee¹	Amount	Due Date	Remarks
Royalty ²	6% of Gross Revenue (as defined below)	Weekly on or before the close of business on Wednesday of each week based on your Store's Gross Revenue for the immediately preceding week.	
Marketing Fee	3% of Gross Revenue	Same as royalty fee	See Note 3 in the General Comments below for a definition of Gross Revenue.
Training Fee	None currently, but may be charged in the future	When incurred	We may charge a fee for certain training programs.
Refresher/Additional Training	Then-current fees – currently estimated at \$500 per day per person plus travel expenses	When incurred	We may require you and/or previously trained and experienced managers and employees to attend periodic refresher or additional courses at the times and locations we designate.
Special Assistance	Daily fees and charges we establish – currently estimated at \$500 per day per person plus travel expenses	When incurred	We do not charge for the operating assistance and guidance we provide to all of our franchisees. However, we may make special assistance programs available to you for which you must pay fees and charges that we establish.
Late Payment Fee	\$100 for each delinquent payment	When the delinquent payment is due.	
Late Reporting Fee	\$100 for each delinquent report	When the delinquent report is due and continuing to be due for each period that the report remains delinquent.	
Interest Expenses	A rate equal to the lesser of the highest rate allowed under applicable law or 1.5% per month	Payable at the same time you make a delinquent payment.	Payable on any amount overdue to us.
New Supplier Testing	The costs we incur in evaluating a proposed supplier	When incurred	Due if you request our approval of a new proposed supplier.

Type of Fee ¹	Amount	Due Date	Remarks
Advertising Cooperative	Not currently applicable. If established, the amount would be determined by the members of the Cooperative.	If established, the timing of contributions will be established by members of the Cooperative.	If established, the amount of required contributions to the Cooperative will be determined by a majority vote of the Stores that are members of the Cooperative, with each member Store having one vote, regardless if the member is a franchisee-owned or company-owned Store.
Audit	Cost of financial audit	15 days after receipt of audit or inspection report.	You must pay the costs of the audit or inspection only if the audit results show an understatement of Gross Revenue of more than 2% or if the need for an audit was a result of your default under the Franchise Agreement in failing to provide records and reports in a timely manner.
Transfer Fee	\$12,500	Payable before or upon final closing of transfer.	We will not charge a transfer fee if the transfer is of ownership interests among your existing Entity Owners (as defined in Item 15) and the names and identity of all Entity Owners remains the same following the transfer.
Renewal Fee	\$2,500	Payable upon renewal	You must meet other conditions in order to renew the Franchise Agreement.
Interim Management Fees	10% of Gross Revenue during the period of management	As incurred	Incurred if we elect to manage your Store pending our purchase of that Store, or we assume management of your Store in the case of your voluntary abandonment.
Costs and Attorneys' Fees; Indemnification	Will vary under circumstances	Upon occurrence	If we or an affiliate prevail in any proceeding or litigation against you, you must pay the costs and attorneys' fees incurred. You and each of your Entity Owners also have indemnification obligations to us and our affiliates.
Lost Revenue Damages	Will vary under the circumstance	Within 15 days of our termination of your Franchise Agreement based on your default.	Payable only if we terminate your Franchise Agreement for your breach. See Note 4 in the General Comments below for a description of lost revenue damages.

General Comments:

1. All fees are uniformly imposed (unless otherwise noted), payable to us or our affiliate and are non-refundable except as explained below. If we or our affiliates do not actually receive your payments on the due date, they will be deemed delinquent.

2. We will determine from time to time the method by which you must pay royalties and all other fees and amounts due us or our affiliates under the Franchise Agreement or relating to your Store. We currently require payment of all such amounts by pre-authorized electronic bank transfer, and you will execute and complete all documents necessary to allow us to initiate debit entries and/or credit correction entries to your designated bank account for that purpose.

3. “Gross Revenue” means the aggregate of all revenue, in whatever form (including the value of all barter, exchange, trade or other credit), attributed to the operation of your Store (whether or not in compliance with this Agreement) based on the gross (undiscounted) price of all products and services sold at or through your Store and all other revenue sources, but excluding all federal, state or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority. Gift certificate, gift card and similar program payments will be included in Gross Revenue as and in accordance with the policies set forth from time to time in the Operations Manual. Gross Revenue also includes all insurance proceeds you receive for loss of business due to a casualty or a similar event.

4. You will be charged lost revenue damages if we terminate the Franchise Agreement as a result of your breach, at an amount equal to the net present value of the Royalty and marketing fees that would have become due had the Franchise Agreement not been terminated, from the date of termination to the earlier of: (a) 5 years following the date of termination, or (b) the scheduled expiration of the term of the Franchise Agreement (the “Measurement Period”). Lost Revenue Damages will be calculated as follows: (1) the number of calendar months in the Measurement Period, multiplied by (2) the aggregate of the Royalty and marketing fee percentages, multiplied by (3) the average monthly Gross Revenue of your Store during the 12 full calendar months immediately preceding the termination date; provided, that if as of the termination date, your Store has not been operating for at least 12 months, the average monthly Gross Revenue of all Stores operating under the same Marks during the entirety of our fiscal year immediately preceding the termination date. You will pay us Lost Revenue Damages within 15 days after the Franchise Agreement is terminated, or on any later date that we determine.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Store	Kiosk			
Initial franchise fee (Note 1)	\$35,000	\$35,000	Lump Sum	Upon signing Franchise Agreement	Us
Travel and living expenses while training (Note 2)	\$2,000 - \$3,000	\$2,000 - \$3,000	Lump sum, as incurred	As incurred during training	Suppliers
Real estate lease (Note 3)	Note 3	Note 3	Note 3	Note 3	Note 3
Improvements and Equipment (Note 4)	\$249,340 - \$542,812	\$60,000 - \$166,687	As agreed with suppliers	As incurred	Suppliers
Opening Product and Soft Goods Inventory (Note 5)	\$1,500 - \$10,000	\$5,000 - \$10,000	As agreed with suppliers	As incurred	Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Store	Kiosk			
Grand opening promotion, if opening a new store (Note 6)	\$5,000 - \$10,000	\$5,000 - \$10,000	Lump sum	As incurred	Suppliers
Security deposits, utility deposits, business licenses, and other deposits and prepaid expenses (Note 7)	\$4,000 - \$5,000	\$4,000 - \$5,000	Lump sum	Before opening	Landlord and Suppliers
Professional fees (Note 8)	\$9,000 - \$10,000	\$9,000 - \$10,000	Lump sum or as arranged by providers	As incurred	Attorneys, accountants, and other consultants
Insurance (3 months) (Note 9)	\$2,500 - \$3,500	\$2,500 - \$3,500	Lump sum or installments, as determined by insurance carriers	Before or upon signing of Franchise Agreement	Insurance carriers
Computer hardware and software (Note 10)	\$3,500 - \$4,500	\$3,500 - \$4,500	Lump sum	As incurred	Suppliers
Additional funds (3 months) (Note 11)	\$8,000 - \$12,000	\$8,000 - \$12,000	Lump sum, as incurred	As incurred	Employees and Suppliers
Totals	\$319,840 - \$635,812	\$134,000 - \$259,687			

General Comments:

This table estimates the initial investment required to develop a single Store or a Kiosk. All payments you make to us or an affiliate are non-refundable unless otherwise stated. Payments you make to parties other than us or an affiliate may be refundable at the option of the other party. Neither we nor an affiliate offers any financing, directly or indirectly, to you.

NOTES:

1. The initial franchise fee may be reduced to \$25,000 if you are an existing franchisee or if you participate in our veterans' discount program.

2. You are responsible for any incidental expenses that you and your personnel incur while attending our initial training program, including car rental, gas, airline tickets, meals, hotel room, entertainment, salaries, and benefits.

3. If you do not currently own adequate space, you must lease the space for your Store. Typical locations are shopping malls, strip shopping centers, lifestyle centers, free-standing buildings, and non-traditional venues such as student unions on university campuses and similar venues. The average Store size ranges from 600 to 900 square feet. The average size of a Kiosk is typically smaller than 600 to 900 square feet but may vary widely. You will make rental payments to the landlord and we cannot estimate the amount of your monthly rental payments, since they vary greatly from site to site and are affected by a number of factors, including location, size, visibility, accessibility, and competitive market conditions. In addition to rental payments, your lease may require other payments to the landlord, such as payments for

shopping center or building operating expenses, common area maintenance expenses, food court expenses, merchants' association assessments, assessment for shopping center promotion and advertising, and the like. Your lease may also require you to spend a certain amount on advertising and promotion for your Store. Because these payments vary widely from lease to lease, we cannot estimate the amount you may be required to pay for these or other similar items.

4. These estimates include construction costs (labor and material) for typical tenant improvements and remodeling to prepare a site for operation of a Store or Kiosk as well as estimated costs for necessary trade fixtures, such as display cases, signage, counters and work tables, and equipment, such as refrigerators, beverage dispensers, and dispensing equipment, small wares and cash registers. At select Stores, we may permit the build-out of drive-through services, and the estimates in this Item 7 include the costs to build a drive-through at Stores. The estimates also include construction management costs, general conditions, builder's risk/liability insurance and financing costs. If you develop a new store, we will provide you with prototypical plans and specifications at no additional cost to you, but you must also employ and pay an architect or engineer to prepare a site plan and other construction documents to adapt these plans and specifications to city, state and local building codes and to the specific site chosen for your Store. We may require you to use a commercial contractor and architect that we approve, and, as such, this amount also includes our approved vendor's fee in assisting you with the site design and architectural plans of the premises of the Studio (the "Premises"), which we estimate to be between \$6,000 and \$14,000. These estimates do not include lease costs. Your actual construction costs will depend on numerous factors, such as the condition of the Premises, duration of the building process (delays), union labor requirements, contractors' fees, signage, availability of materials and equipment, interest rates, and the insurance coverage you choose. A modular, prefabricated store is a free-standing Store that is operated within a mall, shopping center or other site, but is not a permanent, in-line structure. It is, however, usually operated under a long-term lease. The modular unit is assembled using prefabricated components built off-site, often at a savings over traditional construction methods. It is typically most appropriate for high-traffic center court or corridors within larger metropolitan malls. If you find a site that we approve for installation of this type of unit, you must purchase components from a vendor or vendors we designate.

5. This estimate includes supplies, opening inventory, accounting forms and systems, soft goods, such as napkins, cups, and other paper goods, utensils, packaging materials and other required items. The costs will vary depending upon your inventory levels and storage space.

6. You must spend between \$5,000 and \$10,000 on a grand opening advertising and promotional program that we mandate or approve.

7. You may be required to pay a security deposit under your real estate lease and other deposits for utilities and insurance premiums. Lease security deposits are typically due upon signing and can potentially be refundable if you do not default on your lease. Your lease may also require you to pay the last month's rent in advance. Deposits for utility services are typically required at the time the service is applied for and may or may not be refundable. You must confirm all of the specific deposits required. The amount for licenses and permits can vary significantly, and you should verify specific amounts with local authorities.

8. You may find it necessary to retain an attorney to review the real estate lease or sublease, the franchise documents, or to assist in forming a corporation, partnership, or limited liability company. You may also retain an accountant for advice in establishing and operating your franchise business and filing necessary tax forms and returns. This amount also includes our approved vendor's fees to assist you in securing a lease for the Premises of the Studio, which we estimate to be between \$3,000 and \$6,000.

9. You must obtain and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Gross Revenue, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require an annual payment, semi-annual installments or monthly installments. This estimate contemplates monthly installments for 3 months. These estimates also include workers' compensation insurance, which are based on wages, which will vary from state to state. You should review the rates in the state in which you are opening the Store for an estimate of the premium you will be required to pay.

10. In addition to this initial cost, you must pay to our designated supplier(s) monthly maintenance and subscriber fees related to your computer system. We also currently require that you have Internet access in your Store Premises, which will cost approximately \$150 for installation and \$600 per year or more for a subscription. The estimate represented in the above table accounts for the initial cost of connecting the Internet and includes costs to acquire and implement the necessary hardware and software to operate a drive through window, which we may permit at designated locations.

11. This range represents the additional funds we estimate you will require to operate the Store for the first 3 months. These figures include estimated payroll costs. However, they do not include the salary for the store manager, on the assumption that you will manage the Store. We have based the estimates provided in the table above upon our and our franchisees' experience establishing and operating Stores. You should review these figures carefully with a business adviser before making any decision to enter into a Franchise Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Development of Your Store

In developing and operating your Store, you must: (i) use only the fixtures, furnishings, equipment and signs that we require and have approved for Stores as meeting our System Standards; (ii) place or display at the Premises (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing; (iii) use the computer equipment and operating software, including any point-of-sale or electronic cash register ("Computer System") that we specify from time to time; and (iv) purchase the products and services only from those vendors, distributors, suppliers and producers that we approve or specify.

Approved Suppliers; Standards and Specifications

As described above in this Item 8, we have approved designated suppliers as the only permitted providers of certain items, including certain products, services, signs, furnishings, the Approved Products, the Computer System and fixtures and equipment. We develop the specifications and standards for these items. We may, but are not required to, issue to you or to our approved suppliers (except as we deem necessary for purposes of production) the specifications of these items. If we do issue these specifications to you or modify the specifications, it will be through the Operations Manual. We will provide to you a list of approved suppliers in writing, but do not provide you a list of criteria in connection with how we approve suppliers.

You may not deviate from our approved products and services without our prior written approval. If you request our approval of a new supplier and we choose to evaluate your proposed supplier, we may require you to reimburse us the reasonable costs we incur in making this evaluation, which will be a flat rate based on our actual out-of-pocket expenses to evaluate the proposed supplier. We will advise you of

our decision on your request within a reasonable time (typically within 60 days) after our receipt of the information we request from you or from the proposed supplier regarding the supplier's qualifications. We may impose limits on the number of approved suppliers. We may elect to withhold approval of a supplier or revoke approval of a supplier, if, at any time, the supplier fails to meet our criteria.

Neither we nor any of our affiliates is currently an approved or designated supplier, but we may be so in the future. None of our officers currently owns an interest in any approved or designated supplier.

Required Franchisee Purchases; Rebates

We estimate that the cost of required purchases of products, supplies, fixtures, furnishings, equipment, signs and leases from approved suppliers or otherwise will represent, for Stores, 80% to 90% of your overall purchases of those items in establishing your Store, and 65% to 75% of your overall purchases of those items in operating your Store.

During our last fiscal year ended July 3, 2021, we received \$578,670 in revenue from franchisees' required purchases of products or services. This amount represents 27% of our total revenues from all sources during our last fiscal year, which \$2,135,561. We computed these figures from our internally prepared financial statements, which are not in conformity with US GAAP. Our affiliates did not derive any revenue from our franchisees required purchases of products or services during our last fiscal year.

We and our affiliates may receive rebates or other payments from distributors, suppliers and other service providers, based (directly or indirectly) on sales to franchisees. These payments have ranged or may range from less than 1% to 15% or more of the amount of those purchases by franchisees.

We or our affiliates may negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for Stores. We do not participate in any purchasing or distribution cooperatives. We do not provide material benefits to franchisees based on their purchase of particular products or services.

Insurance

Throughout the term of the Franchise Agreement, you must maintain in force at your sole expense comprehensive insurance policies complying with our specifications as to amount and type of coverage, which we may specify from time to time in writing. Currently, we require you to maintain general liability coverage which must include contractual liability, broad form property damage, products and completed operations, personal and advertising injury, fire legal liability and premises and operations coverage. The minimum policy limits on the general liability insurance coverage described above is \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Additionally, we require you to carry property insurance (contents coverage) with 100% coverage of the full replacement cost against loss or damage from fire and other risks normally insured against in special cause of loss coverage. You also must maintain workers' compensation insurance for your employees in compliance with laws applicable in the state in which your Store is operated. You also must maintain automobile liability insurance coverage, including owned and non-owned vehicles, with limits of not less than \$1,000,000. We place no restriction on what insurance carrier you use to obtain the coverage outlined above. We may periodically change the amounts of coverage required under these insurance policies, require a minimum rated insurance carrier, or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 4.1 and 4.2	Items 6, 7, 8, 11 and 12
b. Pre-opening purchases/leases	Sections 4.2, 4.3, 4.4, 4.6 and 7.2	Items 5, 6, 7, and 8
c. Site development and other pre-opening requirements	Sections 4.3, 4.4, 4.5, and 7.2	Items 6, 7 and 11
d. Initial and ongoing training	Section 5	Items 6, 7 and 11
e. Opening	Section 4.5	Items 5, 6, 7 and 11
f. Fees	Section 6	Items 5, 6, 7 and 11
g. Compliance with System Standards and policies/Operations Manual	Sections 5.1, 5.3 and 7.2	Items 6, 7, 8, 11, 15 and 16
h. Marks and proprietary information	Section 10	Items 8, 13, 14 and 17
i. Restrictions on products/services offered	Sections 2.3, 4.4 and 7.2	Items 1, 8, 14 and 16
j. Warranty and customer service requirements	Sections 7.2 and 7.6	Item 11
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Sections 2.3, 4.4 and 7.2	Items 8 and 11
m. Maintenance, appearance, and remodeling requirements	Section 4.3, 4.4 and 7.2	Items 11, 13 and 17
n. Insurance	Section 7.8	Items 6, 7 and 11
o. Advertising	Sections 4.6 and 9	Items 5, 6, 7, 11 and 13
p. Indemnification	Section 15.4	Item 6
q. Owner's participation/management/staffing	Sections 7.2, 7.3 and 7.11	Items 11 and 15
r. Records and reports	Sections 7.4 and 8	Not applicable
s. Inspections and audits	Section 8	Item 6
t. Transfer	Section 12	Item 17
u. Renewal	Section 3.1	Item 17
v. Post-termination obligations	Section 14	Item 17
w. Non-competition covenants	Section 11	Item 17
x. Dispute resolution	Section 17	Item 17

ITEM 10
FINANCING

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

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

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

Assistance Before Opening:

Before you open your Store, we or an affiliate will:

1. Approve or disapprove a site that you propose for your Store. (Franchise Agreement, Section 4.1)
2. Approve or disapprove the Lease (as defined below) that you propose for the Premises. (Franchise Agreement, Section 4.2)
3. If you are developing a new Store, provide you with prototypical plans and specifications on which to model the plans to build out your Store. (Franchise Agreement, Section 4.3(a))
4. Provide you, through the Operations Manual and other materials, the standards and specifications for the fixtures, furnishings, equipment (including computer hardware and software) and signs that you must use. (Franchise Agreement, Sections 4.4 and 5.1)
5. Provide an initial training program for you, or if you are an entity, your Entity Owner (as defined in Item 15) and for your initial store manager once you have signed your Franchise Agreement. (Franchise Agreement, Section 5.2(a))

Assistance During Operation:

During the operation of your Store, we or an affiliate will:

1. Loan you one copy of our Operations Manual. (Franchise Agreement, Section 5.1)
2. Provide training for any existing or replacement store managers, as explained below. (Franchise Agreement, Section 5.2(b))
3. Provide additional or refresher training programs. (Franchise Agreement, Section 5.2(c))
4. Administer the Brand Promotion Programs that we establish from time to time. (Franchise Agreement, Section 9.1)
5. Provide advertising and marketing services to you as explained below. (Franchise Agreement, Section 9.3)
6. We may periodically advise you regarding various aspects of the operation of your Store. (Franchise Agreement, Section 5.5)

7. We may periodically set a maximum or minimum price that you may charge for products and services offered by your Store. (Franchise Agreement, Section 7.9)

Site Selection

We will identify the Premises on Schedule 3 of the Franchise Agreement at the time we sign the Franchise Agreement. If at the time of signing the Franchise Agreement we have not accepted and you have not secured the Premises for your Store, you will have 6 months from signing the Franchise Agreement to obtain our acceptance of and secure the Premises for your Store. If you subsequently obtain our acceptance of and secure the Premises for your Store within the 6-month period, we and you will sign Alternative Schedule 3 identifying the Premises for your Store. If we do not approve your proposed site within 10 days of receiving the required information, it is deemed disapproved. If you fail to obtain our acceptance of and secure the Premises for your Store within the 6-month period, we may terminate the Franchise Agreement. Generally, we do not own the Premises of the Store or lease it to you.

You must locate and obtain our written acceptance of the Premises before you sign a lease or sublease for or begin construction of the Premises. Our acceptance of the Premises is for our own internal purposes and will, to a large extent, be based on information you provide us with respect to the demographic and commercial characteristics of the proposed Premises. We consider several factors when evaluating a proposed site, including, but not limited to the demographics of the area surrounding the proposed site, the neighborhood, the size of the site, the parking at the site and traffic patterns around the site. We may, at our discretion, provide assistance to you in identifying and securing possession of the Premises, including by referring you to approved brokers and identifying one or more sites that we believe to be available and that might meet our criteria. We will endeavor to approve or disapprove the Premises within 10 days of receiving all information we request regarding a proposed site from you. If we do not approve your proposed site within 10 days of receiving the required information, it will be deemed disapproved.

Once we have confirmed, in writing, our acceptance of your proposed Premises, it will be your responsibility to secure the right to occupy the Premises under an agreement that allows you to develop and operate your Store (the "Lease"). You may not execute the Lease until we have accepted its terms. Our acceptance will be conditioned on the landlord's agreement, either in the body of the Lease or in a separate addendum or rider, with certain provisions that we determine to be important for the continuity and goodwill of the TCBY brand and for our position as franchisor, including:

- (a) notice of, and the right (but not the obligation) to cure, your default of the Lease;
- (b) agreement that, without the landlord's consent, you can assign to us, our affiliate, or another franchisee your interest under the Lease; and
- (c) a requirement that the landlord disclose to us, upon our request, sales and other information that you furnish to it.

You must provide us with a copy of the fully executed Lease within 15 days after its execution. We will endeavor to approve the Lease within 10 days of receiving it from you, but our failure to do so does not mean we have approved it or that you may execute it. The final Lease is always subject to our approval.

You are responsible, at your expense, for doing all things necessary to construct and develop your Store in accordance with our System Standards, the Lease, and applicable law. We will furnish you with prototypical plans and specifications for a Store, including requirements for exterior and interior materials

and finishes, dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. You must comply with these plans and specifications, as adapted, with our prior written approval, to accommodate the particular shape and dimensions of the Premises and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You will submit construction plans and specifications to us for our approval before construction of your Store is commenced, and to submit all revised plans and specifications to us for our approval during the course of construction. In constructing and outfitting your Store, you may use only those materials and items (including furniture, fixtures and equipment) we designate, and you may secure those items from and use only those providers (including an architect and general contractor) that we designate or approve from time to time. On completion of construction, you will provide us with a set of "as built" plans and specifications. You will assume all risk relating to the construction and development of your Store. You are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision.

Time to Open

If you are developing a new Store, and you already have an approved Premises, we estimate that it will take between 90 to 150 days between the date you sign the Franchise Agreement or first pay consideration for your franchise, and the date you open your Store. If you do not have an approved Premises, then this estimate could be increased by up to 6 months. The interval may vary depending upon factors such as the weather, the location and condition of the site, your ability to obtain any necessary financing and building, zoning or other permits and approvals, construction delays, completion of required training and so forth. You will not open your Store for business until we approve it for opening. We will not approve it for opening until all required pre-opening training has been completed to our satisfaction, all amounts then owed to use and our affiliates have been paid, you have provided us with a copy of (and we have accepted) your fully executed Lease, and you have provided us with a certificate of insurance issued by your insurance provider confirming that you have procured and fully paid for the insurance required under the Franchise Agreement.

Operations Manual

To facilitate the training and guidance we provide and to assist you in developing and operating your Store, we will, during the term of the Franchise Agreement and provided you remain in compliance with the Franchise Agreement, provide you with access to a manual or series of manuals, memos, newsletters and other written communications for your use solely in developing and operating your Store (the "Operations Manual"). The Operations Manual contain both mandatory and suggested specifications, standards and operating procedures, including our "System Standards," which are the operating procedures, standards, requirements and specifications, whether contained in the Operations Manual or elsewhere, which we may improve, further develop or modify from time to time and which are mandatory in nature so as to comprise the requirements to be followed by Stores, and the use of the Marks in connection therewith. The Operations Manual may be modified by us from time to time to reflect changes in the image, specifications, standards, procedures, Approved Products, System, and System Standards. You may not at any time copy any part of the Operations Manual, either physically or electronically. If there is a dispute relating to the contents of the Operations Manual, the master copy we maintain at our corporate headquarters, will control. The Operations Manual and any passwords that we provide to access it electronically form part of our Confidential Information (as defined in Item 14) and, as such, are subject to the same restrictions as other Confidential Information regarding its use, disclosure and return. As of the date of this disclosure document, the Operations Manual is available online only and contains approximately 388 pages. The table of contents for the Operations Manual is attached as Exhibit C hereto.

Computer System

We require you to obtain specified computer hardware and/or software and modify specifications for and components of the Computer System. Currently, we require the following hardware and software components for the Computer System:

A custom model point-of-sales system from Treatware, which includes:

- a Monitor Mount, including:
 - POS compatible Computer
 - Tower
 - MMF Cash Drawer and Cable
 - BU UPS
 - LC Rear Display
 - Receipt Printer and Cable
 - Credit Card Swipe
 - Network Data Cabling Kit
 - at least a 3-year Warranty

Our modification of specifications for the Computer System's components may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software, obtain service and support for the Computer System during the term of the Franchise Agreement and pay any related connection fees. We may require you in the future to purchase additional or different components of the Computer System, including computer hardware and software and connection and other related services, from a supplier or suppliers we designate, which may include us or our affiliates. You will incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or modifications). We may require you establish and maintain a valid email address and authorize us to communicate with you by this method at such address. We may independently access the information and data you collect and gather using any Computer System or other data collection equipment (such as an electronic cash register) we require for your Store, and there is no contractual limit on our right to do so. The initial costs associated with Computer System will range from \$3,500 to \$4,500. We estimate that any monthly fees associated with the Computer System will cost between \$30 and \$145 per month. We estimate that the annual cost for any upgrades, maintenance, or updating will be up to \$500. Neither we nor our affiliate have any contractual obligation to maintain, repair, update or upgrade the Computer System.

Training

We will provide you with access to our initial training program on the operation of Stores (the "Initial Training Program"). Before opening your Store for operation, you, and at least one of your Entity Owners (if you are an Entity), and your initial store manager must successfully complete, to our satisfaction, the Initial Training Program. We offer the Initial Training Program on a rolling and as-needed basis. Our training materials are updated periodically, but may include worksheets, web-based programs, PowerPoint presentations and other materials we specify. You may not allow your Store to be managed by a person who has not completed, to our satisfaction, the Initial Training Program or who we have not otherwise certified to do so. We will not charge an additional fee for up to 2 people to attend or participate in the Initial Training Program.

If you replace your initial store manager, the replacement manager will also be required to complete, to our satisfaction, all phases of the Initial Training Program. We may charge a fee for the training for subsequent managers, which you must pay at least 10 days prior to beginning of training.

We may require you and/or your previously trained and experienced representatives to attend periodic refresher training programs and training programs or courses regarding specific products or processes. We may charge fees for these additional or refresher training courses. Our current fee for additional or refresher training is \$500 per day, per person, plus additional travel and living expenses.

You or at least one of your Entity Owners (if you are an Entity) and, when we request, the manager of your Store (and/or an approved trainer if you are a multi-unit franchisee) must attend all national conventions and regional meetings that we designate as mandatory. National conventions and regional meetings will take place at the time and locations we designate, and we may charge you a reasonable fee for each of your attendees. We may also charge you a reasonable fee if you or any of your required representatives fails to attend any national convention or regional meeting we designate as mandatory.

You are entirely responsible for arranging for and paying all of your and your other representatives' other costs of attending or participating in the Initial Training Program and all other training programs we offer. We will determine the format, content, method of delivery and location of each training program. We may require you and/or previously trained and experienced managers to attend periodic refresher courses at the times and locations that we designate. We may charge fees for refresher training courses.

The training course will include classroom, in-store/on-the-job, computer-based training and self-study. Approximately 30 hours will be conducted in an operating store. Topics include:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Orientation: welcome, overview, company history, vision and values, mission	1	0	Salt Lake City, Utah or other designated locations
Customer Service: sampling, upselling, complaint handling	1	4	Salt Lake City, Utah or other designated locations
Equipment: use and care	5	4	Salt Lake City, Utah or other designated locations
Product: yogurt, toppings, cakes, pies	4	4	Salt Lake City, Utah or other designated locations
Marketing: local, national, social media	2	1	Salt Lake City, Utah or other designated locations
People: hiring, training, coaching	2	1	Salt Lake City, Utah or other designated locations
Regulatory compliance: food safety, OSHA compliance	1	1	Salt Lake City, Utah or other designated locations
Financial: POS usage, sales reporting, budgeting	4	1	Salt Lake City, Utah or other designated locations
Administrative: ordering, receiving, inventory, NSO process, scheduling, maintenance	1	1	Salt Lake City, Utah or other designated locations
Meet with personnel from the	1	0	Salt Lake City, Utah or

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Franchisee Support Center			other designated locations
Final knowledge assessments	2	0	Salt Lake City, Utah or other designated locations
TOTALS	24	17	

The training program is overseen by Kim Browning. In total, Kim has worked for us and our affiliates for approximately 30 years and most recently resumed her role with us in April 2017. Kim has over 30 years of experience in the food and service industry. We may have other employees participate in providing and conducting aspects of the training program. All instructors will have a minimum of one year of training experience in the subject that they teach and will have been employed by us for a minimum of three months.

Marketing and Advertising

Marketing Fee and Brand Promotion Program

During the term of the Franchise Agreement, you will pay us a marketing fee equal to 3% of your Store's Gross Revenue, payable with and in the same manner as the royalty payment. Marketing fees pay for expenses associated with programs that we establish to promote the Marks and Stores generally ("Brand Promotion Programs"). Any Store owned by us or an affiliate will contribute to the Brand Promotion Programs on the same basis as franchised Stores.

We will, without any fiduciary obligation to you, direct or cause our designee to direct all Brand Promotion Programs. We will determine the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. The expenses that may be funded by the marketing fees we collect include preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a website for the System and Stores and related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; implementing a loyalty program or other marketing programs designed to encourage the patronage of Stores; and reimbursing us or our designees for the reasonable salaries and benefits of personnel who manage and administer the Brand Promotion Programs including administrative costs, travel expenses of personnel while they are working on activities related to the Brand Promotion Programs, meeting costs, and other expenses that we incur in activities reasonably related to administering or directing the marketing fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for marketing fee payments. We may use marketing fees to prepare, furnish and/or offer for sale to you advertising, marketing and promotional formats and materials for your use in your own local marketing efforts.

The marketing fees we collect will be accounted for separately from our other funds, and we may segregate them from our other operating funds. We will prepare an annual, unaudited statement of collections and expenses of the Brand Promotion Programs, and you may obtain a copy of such statement by making a written request to us. Brand Promotion Programs are intended for general promotion. We

do not guaranty any particular result or that our expenditure of marketing fees or the conduct of any Brand Promotion Programs will directly, indirectly, or proportionally benefit your Store or have any relationship to the amount of marketing fees you pay. We are not obligated to spend any amount on advertising in any proximity of your Premises or territory. You agree to have your Store participate, in accordance with the rules and requirements we establish for the particular Brand Promotion Program, in any Brand Promotion Program that covers the area in which your Store operates.

During our fiscal year ended July 3, 2021, marketing fee contributions were used as follows: (i) 70% on production, printing, and merchandising; and (ii) 30% on administrative expenses (including salaries of advertising/marketing executives and employees of ours or our affiliates).

During our fiscal year ended July 3, 2021, we did not spend any of the marketing fee contributions that we received for advertising that was used principally to solicit new franchise sales, nor do we intend to do so during our current fiscal year. Currently, there is no advertising council composed of franchisees, though there may be one in the future.

Local Marketing

In addition to paying marketing fees and participating in Brand Promotion Programs, you must use reasonable efforts to promote your Store locally and, toward that end, you will list your Store in the principal telephone and online directories that cover the metropolitan area in which your Store is located, and you will spend on marketing and related programs any amounts that are required under your Lease (“Local Marketing”). You may use in your Local Marketing only those materials that we provide or make available to you or for which we have given our prior written approval. You must submit your proposed materials for our review at least 15 days prior to your proposed use.

Grand Opening Advertising

If you are developing a new Store or Kiosk, you must spend between \$5,000 and \$10,000 on a grand opening advertising and promotional program that we mandate or approve. We may require you to submit a grand opening plan containing details about your planned grand opening promotion, and obtain our approval of the plan before the event.

Advertising Materials

We may provide you with copies of advertising, marketing and promotional formats and materials for use in your Store, which we have prepared using marketing fees we have collected from Stores. While we expect to provide some of these materials without charge, we may charge you for these materials or require that you pay certain shipping and related expenses associated with delivering them to you. We may develop and market special mandatory promotional items for Stores and require you to maintain a representative inventory of these promotional items to meet public demand. We will make these items available to you at our direct cost plus a reasonable mark-up and any shipping, handling and storage charges. If you do not place minimum orders of products and other items necessary for a mandatory promotion or product roll-out by a certain date, we may send, or direct suppliers to send, an automatic shipment of a specified minimum quantity of such products and items to you, and you must accept and pay for them upon receipt. We may also conduct coupon promotions. In such case, we may require you to accept coupons that are issued by us or our affiliates and presented at your Store by your customers. You will receive certain compensation for these coupons when you tender them to us based on our System Standards.

Advertising Cooperatives

We may designate any geographical area for purposes of establishing a regional advertising and promotional cooperative (“Cooperative”), and to determine whether a Cooperative is applicable to your Store. If a Cooperative exists or is established for the area in which your Store is located, you must join and participate in the activities of the Cooperative. Each Cooperative will be organized and governed in a form and manner, and will commence and cease operations on the dates we determine. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. The amount and timing of the required contributions to the Cooperative and all activities and other decisions of the Cooperative will be determined by a majority vote of the Stores that are members of the Cooperative, with each member Store having one vote, regardless if the member is a franchisee Store or company-owned Store. All required contributions of the Cooperative will be payable to the Cooperative. If a Cooperative is established, Company-owned Stores may be required to contribute to the Cooperative at the same rate as franchisee-owned Stores. All such contributions and decisions will be subject to our approval, which we will not unreasonably withhold. Only those Stores that have timely paid all required contributions will be entitled to vote on Cooperative activities.

Internet Use

You may not advertise your Store or the Approved Products over the internet (or any other form of electronic commerce) or establish a related site on the World Wide Web without our prior written consent. Your general conduct on the internet (or any other form of electronic commerce) and specifically your use of the Marks is subject to the provisions of the Franchise Agreement. You will follow our policies and procedures as they may be communicated to you periodically in the Operations Manual or otherwise regarding the use of social media and similar methods of communication. We may require you to have access to the internet from the Premises and to submit reports, including reports of Gross Revenue, to us over the internet in accordance with System Standards. We may also require you establish and maintain a valid email address and authorize us to communicate with you by this method at such address.

Pricing

We may periodically set a maximum or minimum price that you may charge for products and services offered by your Store. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You receive no minimum territory. We must approve the location of your Store. You are not granted an exclusive area or protected territory around the Premises within which we or our affiliates agree not to issue franchises or operate competing businesses. Our affiliate, MFF, may operate or franchise others to operate outlets that compete with Stores. MFF outlets offer specialty snacks and desserts such as cookies, brownies, cakes, muffins. The principal trademarks used by MFF are Mrs. Fields® and Mrs. Fields Cookies®. One or more of these competing outlets may already be located near your proposed Store, or may be established near the Store in the future. Additionally, we or our affiliates may establish, acquire or co-brand new concepts operating under different trademarks and those outlets may be located near the Store. We have no system or method for resolving conflicts between our franchisees and franchisees of these competing concepts. As stated in Item 1, we share our principal address with MFF, and we have no plans to maintain physically separate offices or training facilities from MFF.


We and our affiliates may, anywhere in the world, issue franchises, grant licenses for products or services, and conduct any other business or activities, with or without the Marks and in any type of distribution channel, including the internet, regardless whether such activities are competitive with your Store. We have not yet established other franchises or company-owned Stores that sell or lease similar products or services under a different trademark, but we may do so in the future. There are no restrictions on these activities and neither we nor our affiliates will be required to provide you with any compensation for, or any right to participate in, any such activities.

You may not operate your Store at any site other than the Premises without our prior written consent. In addition, you may only offer and sell finished Approved Products that have been approved for sale over the counter to retail customers from your Store, and may not sell Approved Products or any materials, supplies, or inventory bearing the Marks at any other location or through any alternative channel of distribution without our prior written consent. "Alternative channels of distribution" include, but are not limited to, the operation of a food cart or kiosk, sales through the Internet (or any other form of electronic commerce), vending machine sales, and mail order and telephone sales. You may, however, (i) offer and sell Approved Products as part of off-site catering events and company account programs, provided you deliver (and do not engage a major carrier to deliver) Approved Products that meet System Standards for freshness the same day they are made and the sales are not part of a mail order program; (ii) offer samples of Approved Products at or directly in front of your Store or other locations near your Store as approved by your landlord; or (iii) upon our prior written approval, offer and sell Approved Products from a table, kiosk or cart at satellite locations that we approve. You may not sell to anyone any materials, supplies, or inventory used in the preparation of any Approved Products. You may not sell any Approved Products to any person or entity purchasing the Approved Products for resale.

Your Franchise Agreement does not grant you the ability to relocate, any options, rights of first refusal or similar rights to acquire additional franchises.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate a Store under the Marks. The following are the principal Marks registered on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

Principal Trademark	U.S. Registration No.	Principal/Supplemental Register of the United States Patent and Trademark Office	Date of Registration
	6,047,327	Principal	May 5, 2020
TCBY FROZEN YOGURT	3,999,551	Principal	July 19, 2011
THE COUNTRY'S BEST YOGURT	1,672,857	Principal	January 21, 1992 Renewed: March 1, 2012
TCBY	1,463,784	Principal	November 3, 1987 Renewed: September 27, 2017
TCBY	1,415,353	Principal	October 28, 1986 Renewed: November 1, 2016
TCBY THE COUNTRY'S BEST YOGURT	1,415,194	Principal	October 28, 1986 Renewed: November 1, 2016

We have filed all required renewals and affidavits with the USPTO. There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, nor are there any pending infringements, opposition or cancellation proceedings or any pending material litigation, involving the Marks described above. There are no agreements currently in effect which significantly limit our rights to use or franchise the use of these Marks.

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable standards, specifications, operating procedures and rules that we require.

You must use the applicable Marks as the sole identification of your Store and you must identify yourself as the independent owner in the manner we require. You may not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos franchised to you under the Franchise Agreement), or in any modified form, including on any sites on the Internet or World Wide Web, as an Internet domain name, or as part of an electronic mail address without prior written approval from us. You must follow all other policies and procedures relating to the Marks, as contained in the Operations Manual. You must display all applicable Marks in the manner we require, and you must use the registration symbol “®” in using any of the registered Marks. You must refrain from any business or marketing practice which may be injurious to our business and the good will associated with the Marks or Stores. We may require you to modify or discontinue use of any Mark or use one or more additional or substitute trade or service marks if we determine that it

becomes advisable at any time. You must to comply with our directions in this regard. We are not required to reimburse you for your expenses in modifying or discontinuing the use of a Mark and substituting a different Mark or for any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by you to promote a modified or substitute Mark.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, and you must not communicate with any person other than us or our counsel about the infringement, challenge or claim. We and our affiliates may take the action we deem appropriate and control exclusively any litigation, USPTO proceeding or any other administrative or court proceeding concerning any Mark. You must sign any instruments and documents, render assistance and do those things as, in the opinion of our legal counsel, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks.

We will take the action we think appropriate. We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and have otherwise complied with the requirements of the Franchise Agreement. At our option, we and our affiliates are entitled to defend and control the defense of any proceeding arising out of your authorized use of any Mark. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Except as noted below, we and our affiliates do not own any patents or copyrights that are material to the Franchise. As of the date of this disclosure document, there are no patents or copyrights registered or pending, and no patent applications that are material to the Franchise.

We and our affiliates claim copyrights in the Operations Manual, construction plans, specifications and materials, printed advertising, promotional, sales, training and management materials and in related items you will use in operating your Franchise. We and our affiliates have not registered these copyrights with the U.S. Registrar of Copyrights.

There are currently no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrights. There are no agreements currently in effect which significantly limit our rights to use or franchise the copyrighted materials. Also, there are no superior prior rights or infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state.

Your right to use the copyrights is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable standards, specifications, operating procedures and rules that we require. We may require you to modify or discontinue use of any of the materials in which we claim copyrights if we determine that it becomes advisable at any time. In that case, you must comply with our directions to modify or discontinue the use of those materials within a reasonable time after notice from us.

You must immediately notify us if you learn that any person may be using our copyrighted materials without our consent or authorization. You must also immediately notify us of any challenge to your use of any copyright or claim by any person of any rights in any copyright. You must not communicate with any person other than us or our counsel about any challenge or claim to any copyright.

We and our affiliates may take the action we deem appropriate and the right to control exclusively any litigation, U.S. Copyright Office proceeding or any other administrative proceeding concerning any copyright. You must sign any instruments and documents, render assistance and do those things as, in the opinion of our legal counsel, may be necessary or advisable to protect and maintain our interests in any litigation or Copyright Office or other proceeding or otherwise to protect and maintain our interests in the copyrights.

We will compensate and reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any copyright and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and have complied with your obligations under the Franchise Agreement. At our option, we or our affiliates are entitled to defend and control the defense of any proceeding arising out of your use of any copyright.

We and our affiliates also own the Confidential Information (as defined below) and claim copyrights in the Confidential Information. Portions of the Confidential Information required in the operation of your business will be communicated to you. However, you will not acquire any interest in any Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating your Store during the term of the Franchise Agreement. You may only use the Confidential Information as outlined in the Franchise Agreement. "Confidential Information" includes any information relating to the Approved Products or the development or operation of Stores, including site selection criteria; trade secrets; recipes and methods for the preparation of Approved Products; methods, techniques, formats, standards, specifications, systems, procedures, sales and marketing techniques and knowledge of and experience in the development and operation of Stores; marketing programs for Stores; knowledge of specifications for and suppliers of certain Approved Products, materials, supplies, equipment, furnishings and fixtures; customer data; and knowledge of the operating results and financial performance of Stores, including your Store.

We and our affiliates will own and have the perpetual right to use and authorize other Stores to use, and you must fully and promptly disclose to us, all ideas, concepts, formulas, recipes, methods and techniques relating to the development and/or operation of a yogurt, frozen yogurt, ice cream, dessert or retail snack food business and the products those businesses sell or might sell, including those that are conceived or developed by you and/ or your employees during the term of the Franchise Agreement. You agree that we shall have the perpetual right to use and authorize other to use such ideas, concepts, methods and techniques and, if incorporated in the System for the development and/or operation of Stores, such ideas, concepts, methods and techniques shall become our sole and exclusive property without any consideration to you. You must not, however, test, offer or sell any new products without our prior written consent.

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

We recommend that you participate personally in the direct operation of your Store, although the Franchise Agreement does not specifically obligate you to do so. However, you must either manage your Store yourself, or use a full time "on Premises" manager. The manager need not have an equity interest in the franchisee entity to act as manager. Both you (or one of your Entity Owners, if you are an entity) and the manager of your Store must be certified by us as having completed all phases of our training program to our satisfaction and must participate in all other activities required to open your Store. Replacement managers must also satisfactorily complete all phases of our training program.

If you are an entity, each Entity Owner (as defined below) must guarantee your obligations under the Franchise Agreement by signing the Guaranty attached to the Franchise Agreement, a copy of which is included in Exhibit B to the Franchise Agreement. Your Entity Owner's spouse, who has no ownership interest in the business, is also required to acknowledge the Guaranty, which will place an Entity Owner's and his or her spouse's marital assets at risk.

We may require certain key employees (including you and any Entity Owner or manager) to sign a confidentiality agreement. In addition, we may require each manager of a Store to agree to the non-competition covenants described in Item 17 of this disclosure document.

An Entity Owner means, with respect to an entity, any shareholder owning directly or beneficially five percent (5%) or more of any class of securities of the entity; any general partner or co-venturer in the entity; any partner in a limited liability partnership or member in a limited liability company owning directly or beneficially 5% or more of the ownership interests in the limited liability partnership or limited liability company; the trustees or administrators of any trust or estate; and any beneficiary of a trust or estate owning, directly or beneficially, five percent (5%) or more of the interests in the trust or estate. If any Entity Owner within the scope of this definition is itself an entity (including an Entity Owner that is an Entity Owner because of this sentence), the term "Entity Owner" also includes Entity Owners (as defined in the preceding sentence) in the entity. It is the intent of this definition to "trace back" and include within the definition of Entity Owner each natural person owning the requisite interests to qualify as Entity Owners.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

In operating your Store, you must use and offer for sale all of, and only, the Approved Products and any other products or services that we mandate or approve from time to time for you to sell at the Premises. The Approved Products that you initially are authorized to offer at your Store are explained in the Operations Manual (as defined in Item 11). In the future, we may change or add to the Approved Products that you are authorized to offer at the Premises and notify you of such changes or additions, as we determine, through references to the Operations Manual, bulletins and other written materials, electronic computer messages, telephonic conversations, and/or consultations at our offices or at your Store. There are no limits on our right to make such changes. Although the Approved Products sold at Stores may vary from Store to Store, you may only sell and offer to sell those Approved Products that we mandate or authorize you to sell from your Store.

Your lease may also impose other obligations or restrictions on the types of products that you may offer from your Premises, and you must comply with those restrictions and obligations even if they would prevent you from offering certain Approved Products.

You may not use your Store for any purpose other than the operation of a Store in compliance with the Franchise Agreement. You may not: (a) offer Approved Products or materials, supplies, or inventory bearing the Marks at any site other than the Premises of your Store, (b) offer for sale any materials, supplies or inventory used in the preparation of any of the Approved Products; or (c) sell any Approved Products to any person or entity purchasing the Approved Products for resale. You may only sell Approved Products to retail customers.

Except as disclosed in this Item, we do not impose any restrictions regarding the customers to whom you may sell authorized products or services.

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.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 1(q) and 2.1	10 years from the date the Franchise Agreement is fully executed.
b. Renewal or extension of the term	Section 3.1	You may renew for 1 additional 10-year term subject to conditions.
c. Requirements for you to renew or extend	Section 3.1	Provide 180 days prior notice; sign then current Franchise Agreement (which may contain materially different terms and conditions than your original Franchise Agreement); Franchisee and their Affiliates and respective agents must execute a general release of all claims; refurbish and remodel the Premises at our request; remain in good standing with us during the initial term; satisfy all monetary obligations; retain the Premises for the renewal term; pay a renewal fee; follow our then-current renewal process, including any requirements for additional training and delivery of certain financial statements and records.
d. Termination by you	N/A	Not applicable (subject to state law).
e. Termination by us without cause	N/A	Not applicable.
f. Termination by us with cause	Section 13	We may terminate for cause.
g. "Cause" defined - curable defaults	Sections 13.1 and 13.2	You will have the following cure periods for the following defaults: (1) you have 48 hours to cure failure to comply with certain System Standards and health requirements; (2) you have 10 days to cure failure to make payments; and (3) you have 30 days to cure any other default of Franchise Agreement or any other agreement with us or an affiliate not listed above or in "17.h." below.
h. "Cause" defined – non-curable defaults	Section 13	We may terminate the Franchise Agreement immediately, upon written notice but without an opportunity to cure for: insolvency/bankruptcy, unauthorized transfer, material misrepresentation or omission in franchise application and other adverse developments, unauthorized use of Marks or Confidential Information, abandonment, breach of lease, understatements of Gross Revenue; failure to pay taxes, failure of two consecutive store inspections; two or more breaches within a 12 month period or three breaches over the term of the Franchise Agreement, financing defaults, defaults of other agreements with us or our Affiliates, failure to secure the Store Premises, possession or use of unauthorized products, failure to complete training or failure to open the Store for business within the required time period.

Provision	Section in Franchise Agreement	Summary
i. Your obligations on termination/non-renewal	Sections 14.1, 14.3, and 14.4	Pay us all amounts owed, close the Store for business, discontinue the use of the Marks, de-identify as a franchisee, deliver all materials containing the Marks, cancel all fictitious names, transfer all telephone numbers and directory listings to us, discontinue use of all Confidential Information and return any materials loaned to you, provide evidence that you have complied with all of the above within 30 days of the expiration or termination and comply with post-term covenants.
j. Assignment of contract by us	Section 12.1	No restriction on our right to transfer or assign.
k. "Transfer" by you – defined	Section 1(s)	"Transfer" means the voluntary or involuntary, direct or indirect transfer, assignment, sale, gift, pledge, mortgage, hypothecation or other disposition (including those occurring by operation of law and a series of transfers that in the aggregate constitute a Transfer) of any of your interest in the Franchise Agreement, your Store or its assets (other than in the ordinary course of business), your right to possession of the Premises, or a direct or indirect ownership interest in you.
l. Our approval of transfer by you	Sections 12.2, 12.3 and 12.4	All transfers subject to our prior written approval. We will not unreasonably withhold approval if specified requirements are met. Transfers to a wholly owned corporation or limited liability company do not require our consent.
m. Conditions for our approval of transfer	Section 12.3	Transferee is of good moral character, transferee has sufficient business experience and resources, transferee completes our training program, you have paid all amounts owed to us or our Affiliates and third-party creditors, you and the transferee enter into our form of assignment and assumption agreement, transferee enters into our then-current form of franchise agreement, you or the transferee pays a transfer fee, we have approved the material conditions of the transfer including price, if any part of the sales price was financed you and transferee agree to subordinate that interest to our and our Affiliates' interest, you agree to comply with the post-term covenants not to compete as set forth in the Franchise Agreement, landlord consents to the transfer (if applicable), you or the transferee agrees to refurbish the Store, you and the transferee, at your cost, use a licensed escrow professional or other qualified third party acceptable to us to conduct the closing, and you and the transferee have complied with any other conditions we may reasonably require.
n. Our right of first refusal to acquire your business	Section 12.5	We can match any offer to purchase the interests proposed to be transferred, with the right to substitute cash for other forms of payment, equal credit to the offer, no less than 60 days to close the purchase, and the right to receive all customary representations and warranties.
o. Our option to purchase your business	Sections 14.2 and 16	We may, at our option, purchase your Store upon termination of Franchise Agreement unless we are in default. Under the security agreement contained in Section 16 of the Franchise Agreement we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement if you default.

Provision	Section in Franchise Agreement	Summary
p. Your death or disability	Section 12.6	If you are an individual, upon your death or permanent disability or, if you are an Entity, upon the death or permanent disability of an individual owner of a Controlling Interest in you, the executor, administrator, conservator or other personal representative of that person will transfer his interest in this Agreement or his Controlling Interest in you within six (6) months from the date of death or permanent disability, to a transferee approved by us.
q. Non-competition covenants during the term of the franchise	Section 11.1	You, your Entity Owner(s) (and their direct family members) and your managers will not: (1) have any direct or indirect interest in a Competitive Business (as defined below); (2) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; (3) divert or attempt to divert business to a Competitive Business; or (4) use or duplicate the System or System Standards for any other endeavor. A “Competitive Business” means any business that operates, grants franchises or licenses to others to operate, acts as a landlord to, or otherwise provides products, services or assistance to a restaurant, retail outlet or other food service business (other than a TCBY Store operated pursuant to a franchise agreement with us or our affiliate) which offers or sells fresh or frozen yogurt, smoothies ice cream or other frozen desserts or similar items as primary or featured items or for which the sale of fresh or frozen yogurt, smoothies ice cream or other frozen desserts or similar items (either individually or in the aggregate) accounts for at least 10% of its sales during any calendar month.
r. Non-competition covenants after the franchise is terminated or expires	Section 11.2	For 2 years after termination of the Franchise Agreement, you will not have any direct or indirect interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business located or operating within (a) 10 miles of your Store, or (b) 10 miles of any Store, except Stores that you operate under agreements with us or our Affiliates. If we purchase your Store pursuant to our right in Section 14.5 of the Franchise Agreement, this non-competition covenant will extend to 3 years.
s. Modification of the agreement	Sections 11.4, 18.1, 18.2 and 18.7	Subject to automatic modification to conform to mandatory provisions of applicable law. Other modifications require mutual consent.
t. Integration/merger clause	Sections 18.5(c)	Only the terms of Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in this disclosure document.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 17.8	All controversies, disputes, or claims (notwithstanding temporary restraining orders or preliminary injunctive relief) between us or our Affiliates, on the one hand, and you and your Affiliates, on the other hand, must be submitted to the American Arbitration Association for binding arbitration in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association; and proceedings will be conducted at a suitable location chosen by the arbitrator in or within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Broomfield, Colorado). These provisions may be subject to applicable state law.
v. Choice of forum	Section 17.5	Disputes must be conducted nearest to our then-current principal place of business (currently, Broomfield, Colorado), subject to state law.
w. Choice of law	Section 17.4	The laws of the state in which our corporate headquarters are then located (currently, Colorado), unless superseded by applicable federal or state law.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The Data Set:

The data used to formulate data set was derived from 89 traditional Stores including retail Stores in which TCBY is the dominant brand (with over 60% of sales for such Stores derived from TCBY) for the fiscal year June 28, 2020 – July 3, 2021.

As of the end of our most recent fiscal year, there were 172 Stores in operation, all of which were owned by third-party franchisees. We excluded from that group 5 Stores which had less than 52 weeks of sales and 2 which were temporarily closed for the entire fiscal year. These stores were excluded because we did not have results for the full fiscal year (either because their results for the full fiscal year were not available to us, or because they opened during our last fiscal year).

Additionally, we excluded from the data set 76 non-traditional Stores (those that, for example, are only open part time, that operate seasonally, that are located in non-traditional locations such as gas stations or are operated as an add-on to another primary brand). Those Stores were excluded for two

reasons: (1) because of the wide variation in factors that made them non-traditional and (2) because the focus of our sales efforts is on selling franchises for traditional locations. As a result, we do not make financial performance representations with respect to non-traditional Stores.

To determine the average Gross Revenue for each group shown in the table below, we took the group's total Gross Revenue (as that term is defined in the Franchise Agreement that you will sign), then divided that number by the number of Stores in the group.

"Gross Revenue" means the aggregate of all revenue, in whatever form (including the value of all barter, exchange, trade or other credit), attributed to the operation of your Store (whether or not in compliance with this Agreement) based on the gross (undiscounted) price of all products and services sold at or through your Store and all other revenue sources, but excluding all federal, state or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority. Gift certificate, gift card and similar program payments will be included in Gross Revenue as and in accordance with the policies set forth from time to time in the Operations Manual. Gross Revenue also includes all insurance proceeds you receive for loss of business due to a casualty or a similar event. This is the same definition of Gross Revenue on which you will be required to pay royalties and marketing fees.

For example, for the 89 Stores that made up the entire data set, we added the Gross Revenue of all 89 Stores for the entire fiscal year (the 53-week period ending July 3, 2021), then we divided that number by 89. In the table below, we also report the results by quartile. Each quartile represents 25% of the 89 Stores that form the data set. For each group, the reported average Gross Revenue is for the full fiscal year.

Because the data set is comprised entirely of franchised Stores, the data is what those franchisees reported to us or what the franchisees entered into the Store's point-of-sale system and, consequently, reported to us. For purposes of this Item 19, we assumed the data they reported is accurate. We did not audit or otherwise verify the data reported to us.

In the results below, we also report, for each group, the range and the median. The range reflects the low and high data point for each group. The median is the data point that is the center of all data points used for the group, except that, in a given group of Stores where there is an even number of Stores, the median is derived by adding the two numbers in the middle of the data set for the given group of Stores, then dividing that number by two.

The Results:

Table 1 provides the Stores' results for our last fiscal year, which ran for a 53-week period from June 28, 2020 to July 3, 2021.

Table 1: Gross Revenue for entire fiscal year				
Group	Number of Stores in Group	Average Gross Revenue	Median Gross Revenue	Range
Highest Quartile	22	515,646	447,570	\$398,528 - \$1,174,578
Second Highest Quartile	22	304,839	310,295	\$225,627 - \$398,501
Third Highest Quartile	22	196,295	191,563	\$170,615 - \$224,043
Lowest Quartile	23	125,803	123,414	\$78,615 - \$165,481
Total Group	89	283,850	224,043	\$78,615 - \$1,174,578

Of the 22 Stores shown in the highest quartile, 7 Stores (32%) met or exceeded the average shown. Of the 22 Stores shown in the second highest quartile, 12 (55%) met or exceeded the average shown. Of the 22 Stores shown in the third highest quartile, 10 (45%) met or exceeded the average shown. Of the 23 Stores shown in the lowest quartile, 11 (50%) met or exceeded the average shown. Of the 89 Stores shown in the total group, 35 (39%) met or exceeded the average shown.

Explanation of Results:

The numbers provided in this Item 19 do not reflect the expenses associated with operating a Store (and, thus, do not reflect gross or net profit).

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

Written substantiation for the financial performance representations above will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, TCBY Systems, LLC, does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Chief Executive Officer, Nelson Tejada, TCBY Systems, LLC, 8001 Arista Place, Suite 420, Broomfield, CO 80021, (858) 699-7769, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1

Systemwide Outlet Summary
For Years 2019 to 2021⁽¹⁾

Store Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	263	230	-33
	2020	230	202	-28
	2021	202	172	-30
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total	2019	263	230	-33
	2020	230	202	-28
	2021	202	172	-30

(1) The numbers in these Item 20 tables are as of July 3, 2021, June 27, 2020 and June 29, 2019.

TABLE NUMBER 2

Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
Alabama	2019	0
	2020	0
	2021	0
California	2019	0
	2020	0
	2021	1
Colorado	2019	0
	2020	0
	2021	0
Delaware	2019	0
	2020	0
	2021	0
Florida	2019	0
	2020	0
	2021	1
Georgia	2019	0
	2020	0
	2021	1

State	Year	Number of Transfers
Illinois	2019	1
	2020	1
	2021	0
Michigan	2019	0
	2020	1
	2021	0
Mississippi	2019	0
	2020	0
	2021	1
New Mexico	2019	0
	2020	1
	2021	0
North Carolina	2019	2
	2020	0
	2021	0
New Jersey	2019	0
	2020	0
	2021	0
New York	2019	0
	2020	0
	2021	0
South Carolina	2019	1
	2020	0
	2021	1
Tennessee	2019	1
	2020	2
	2021	1
Texas	2019	3
	2020	0
	2021	0
Total	2019	8
	2020	5
	2021	6

TABLE NUMBER 3

**Status of Franchised Outlets
For Years 2019 to 2021**

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2019	7	0	0	0	0	2	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Alaska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Arkansas	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
California	2019	11	1	0	0	0	0	12
	2020	12	3	0	0	0	1	14
	2021	14	0	0	0	0	2	12
Colorado	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	1	5
	2021	5	0	0	0	0	2	3
Connecticut	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
Delaware	2019	5	0	0	0	0	3	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1
Florida	2019	9	0	0	0	0	1	8
	2020	8	0	0	0	0	3	5
	2021	5	1	0	0	0	3	3
Georgia	2019	9	0	0	0	0	1	8
	2020	8	0	0	0	0	2	6
	2021	6	0	0	0	0	1	5
Hawaii	2019	1	0	0	0	0	1	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Idaho	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Illinois	2019	26	1	0	0	0	2	25
	2020	25	2	0	0	0	0	27
	2021	27	0	0	0	0	2	25
Indiana	2019	5	0	0	0	0	1	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Iowa	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Louisiana	2019	8	0	0	0	0	1	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	1	6
Maryland	2019	8	0	0	0	0	4	4
	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	1	2

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Massachusetts	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Michigan	2019	9	0	0	0	0	2	7
	2020	7	0	0	0	0	2	5
	2021	5	0	0	0	0	0	5
Minnesota	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	1	0
Mississippi	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	1	6
	2021	6	0	0	0	0	2	4
Missouri	2019	4	0	0	0	0	2	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
Nebraska	2019	4	0	0	0	0	1	3
	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2
Nevada	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
New Hampshire	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
New Jersey	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	3	3
New Mexico	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
New York	2019	11	1	0	0	0	1	11
	2020	11	0	0	0	0	2	9
	2021	9	0	0	0	0	2	7
North Carolina	2019	29	1	0	0	0	6	24
	2020	24	0	0	0	0	4	20
	2021	20	0	0	0	0	3	17
North Dakota	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Ohio	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Oregon	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Pennsylvania	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
South Carolina	2019	15	0	0	0	0	0	15
	2020	15	0	0	0	0	1	14
	2021	14	0	0	0	0	0	14
South Dakota	2019	1	0	0	0	0	1	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Tennessee	2019	11	0	0	0	0	0	11
	2020	11	0	0	0	0	1	10
	2021	10	0	0	0	0	1	9
Texas	2019	27	0	0	0	0	4	23
	2020	23	1	0	0	0	7	17
	2021	17	0	0	0	0	5	12
Utah	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
Virginia	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Washington	2019	6	0	0	0	0	3	3
	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	1	1
West Virginia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Wisconsin	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Wyoming	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TOTALS	2019	263	5	0	0	0	38	230
	2020	230	7	0	0	0	35	202
	2021	202	2	0	0	0	32	172

TABLE NUMBER 4**Status of Company-Owned Outlets
For Years 2019 to 2021**

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

TABLE NUMBER 5**Projected Openings
As of July 3, 2021**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	15	1	0
District of Columbia	0	1	0
Florida	0	1	0
Illinois	0	2	0
Louisiana	1	0	0
Mississippi	4	0	0
Nevada	0	2	0
New York	2	1	0
North Carolina	0	1	0
Oregon	0	1	0
Pennsylvania	0	1	0
Texas	0	1	0
TOTAL	22	13	0

Exhibit E to this disclosure document discloses all of our franchisees, addresses, and telephone numbers as of the end of our most recent fiscal year (ended July 3, 2021), as well as all outlets who ceased to operate during our last fiscal year, or franchisees who failed to communicate with us within 10 weeks of the date of this disclosure document. If you buy a franchise for a Store, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their

experience with the TCBY franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have not created, sponsored, or endorsed any trademark-specific franchisee organization associated with the System, and no such organization has asked to be included in this disclosure document.

ITEM 21 **FINANCIAL STATEMENTS**

Exhibit F contains the audited consolidated financial statements of MFOC Holdco, Inc. as of July 3, 2021 and June 27, 2020, and for the fiscal years ended July 3, 2021, June 27, 2020, and June 29, 2019. It also contains MFOC Holdco, Inc.'s interim, unaudited consolidated financial statements for the period ending October 2, 2021. MFOC Holdco, Inc. guarantees our obligations under the Franchise Agreement. A copy of the guarantee is included in Exhibit F to this disclosure document.

Our and MFOC Holdco, Inc.'s fiscal year ends the Saturday closest to June 30. Our and MFOC Holdco, Inc.'s current fiscal year end is July 2, 2022.

ITEM 22 **CONTRACTS**

The following agreements proposed for use regarding the offering of a Store are attached to this disclosure document:

- Exhibit B – Franchise Agreement
- Exhibit D – Assignment and Consent to Transfer
- Exhibit G – State Addenda and Agreement Riders
- Exhibit H – Sample Release Agreement
- Exhibit I – Representations and Acknowledgment Statement

ITEM 23 **RECEIPTS**

Attached as Exhibit J to this disclosure document are detachable acknowledgments of receipt. Please sign and return to us our copy of the receipt (Copy for Franchisor), and sign and retain for your records your copy of the receipt (Copy for Prospective Franchisee).

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Department of Financial Protection &
Innovation:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205

San Diego

1350 Front Street
San Diego, California 92101
(619) 525-4044

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the
Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General’s Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Minnesota Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222 Phone
(212) 416-6042 Fax

(agent for service of process)

New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

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

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex
Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

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

VIRGINIA

(state administrator)

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

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-3431

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

BETWEEN

**TCBY SYSTEMS, LLC
8001 Arista Place
Suite 420
Broomfield, Colorado 80021
(720) 599-3350**

AND

Name(s) of Franchisee

Street

City State ZIP Code

() _____

Area Code Telephone

Franchised Store Information:

Street

City State ZIP Code

() _____

Area Code Telephone

Date of Franchise Agreement

_____, 20_____

FRANCHISE AGREEMENT

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SCHEDULES

Schedule 1 - Ownership Addendum

Schedule 2 – Guaranty and Assumption of Obligations

Schedule 3 - Store Premises; Start Date

Alternative Schedule 3 - Store Premises; Start Date

FRANCHISE AGREEMENT

TCBY ®

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made as of the Effective Date between **TCBY SYSTEMS, LLC**, a Delaware limited liability company, whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado 80021 (“**us**”), and _____, a _____, whose address is _____ (“**you**”). The Effective Date is the date on which we sign this Agreement as indicated beneath our signature.

PREAMBLES

We and our Affiliates have expended a considerable amount of time and effort in developing, refining and protecting the Marks, the distinctive business formats and System Standards under which Stores are developed and operate, and the Approved Products they offer and sell (including the recipes for and the methods of preparation of Approved Products to obtain high product quality). We and our Affiliates have franchised and licensed and, in the future, have the right to continue to franchise and license others to operate Stores.

You and, if applicable, your Owners have requested that we grant you a Franchise to develop, own and operate a Store as described in this Agreement. In support of your request, you and, if applicable, your Owners, have provided us with certain information and documentation. In reliance on that information and documentation and on your and, if applicable, your Owners’ representations, we are willing to grant you a Franchise on the terms and conditions contained in this Agreement.

1. DEFINITIONS

Certain terms may be defined where they appear within the text of the Agreement. The following terms have the meanings below:

(a) “**Affiliate**,” means any person or entity that directly or indirectly owns or controls, is directly or indirectly owned or controlled by, or is under common control with a person or entity, now or in the future.

(b) “**Approved Products**,” means products we approve or require from time to time for sale at or from Stores, including premium soft-serve frozen yogurt, hand-dipped frozen yogurt and other frozen and non-frozen dessert and treat items, such as cakes and pies, sorbet, smoothies, fresh yogurt, mix-ins, toppings, chocolate, dried fruit, nuts, candies, popcorns and drinks.

(c) “**Competitive Business**” means any business that operates, grants franchises or licenses to others to operate, acts as a landlord to, or otherwise provides products, services or assistance to a restaurant, retail outlet or other food service business (other than a TCBY Store operated pursuant to a franchise agreement with us or our Affiliate) which offers or sells fresh or frozen yogurt, smoothies, ice cream or other frozen desserts or similar items as primary or featured items or for which the sale of fresh or frozen yogurt, smoothies, ice cream or other frozen desserts or similar items (either individually or in the aggregate) accounts for at least 10% of its sales during any calendar month.

(d) “**Confidential Information**” means any information relating to the Approved Products or the development or operation of Stores, including site selection criteria; trade secrets; recipes and methods for the preparation of Approved Products; methods, techniques, formats, standards, specifications, systems, procedures, sales and marketing techniques and knowledge of and experience in the development and operation of Stores; marketing programs for Stores; knowledge of specifications for and suppliers of certain Approved Products, materials, supplies,

equipment, furnishings and fixtures; customer data; and knowledge of the operating results and financial performance of Stores, including Your Store.

(e) **“Controlling Interest”** means an interest, the ownership of which empowers the holder to exercise a material influence over the management, policies or personnel of an Entity. Ownership of five percent (5%) or more of the equity or voting securities of a corporation, limited liability company or limited liability partnership or ownership of any general partnership interest in a general or limited partnership will be deemed conclusively to constitute a Controlling Interest in the corporation, limited liability company, or partnership, as the case may be.

(f) **“Entity”** means a corporation, general partnership, joint venture, limited partnership, limited liability partnership, limited liability company, trust, estate or other business entity.

(g) **“Entity Owner”** means, with respect to an Entity, any shareholder owning directly or beneficially five percent (5%) or more of any class of securities of the Entity; any general partner or co-venturer in the Entity; any partner in a limited liability partnership or member in a limited liability company owning directly or beneficially 5% or more of the ownership interests in the limited liability partnership or limited liability company; the trustees or administrators of any trust or estate; and any beneficiary of a trust or estate owning, directly or beneficially, five percent (5%) or more of the interests in the trust or estate. If any Entity Owner within the scope of this definition is itself an Entity (including an Entity Owner that is an Entity Owner because of this sentence), the term “Entity Owner” also includes Entity Owners (as defined in the preceding sentence) in the Entity. It is the intent of this definition to “trace back” and include within the definition of Entity Owner all natural persons owning the requisite interests to qualify as Entity Owners.

(h) **“Franchise”** means the non-exclusive, non-transferable (except as provided herein, and non-sublicensable right and license, as described in this Agreement, to develop, own and operate a Store as described in this Agreement.

(i) **“Gross Revenue”** means the aggregate of all revenue, in whatever form (including the value of all barter, exchange, trade or other credit), attributed to the operation of Your Store (whether or not in compliance with this Agreement) based on the gross price of all products and services sold at or through Your Store and all other revenue sources, but excluding all approved customer discounts and all federal, state or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority. Gift certificate, gift card and similar program payments will be included in Gross Revenue as and in accordance with the policies set forth from time to time in the Operations Manual. Gross Revenue also includes all insurance proceeds you receive for loss of business due to a casualty or similar event.

(j) **“Marks”** means trademarks, trade names, service marks, logos and other commercial symbols that we authorize franchisees from time to time to use to identify their Stores and the Approved Products, including the trademarks and service marks TCBY® and THE COUNTRY’S BEST YOGURT® and the associated Trade Dress.

(k) **“Operations Manual”** means the manual or series of manuals, memos, newsletters and other written communications that we provide or make available to you for your use solely in developing and operating Your Store. The Operations Manual contain both mandatory and suggested specifications, standards and operating procedures, including System Standards, regarding various aspects of developing and operating Stores and may be modified by us from time

to time to reflect changes in the image, specifications, standards, procedures, Approved Products, System, and System Standards.

(l) “**Premises**” means the physical location at which you are authorized to develop, own and operate Your Store under this Agreement.

(m) “**Restricted Person**” means you; each of your Entity Owners, if you are an Entity; and the spouses, natural and adopted children, and siblings of any of you and your Entity Owners.

(n) “**Store**” means a retail snack, dessert, and beverage outlet selling any Approved Products for on- or off-premises consumption and other products and services specified by us. Stores include carts and kiosks, and other satellite units we approve to sell the Approved Products.

(o) “**System**” means our business formats, signs, equipment, methods, procedures, designs, layouts, standards and specifications, including the use of the Marks and the Trade Dress, which we have the right to modify in the future.

(p) “**System Standards**” means the operating procedures, standards, requirements and specifications, whether contained in the Operations Manual or elsewhere, which we have the right to improve, further develop or modify from time to time and which are mandatory in nature so as to comprise the requirements to be followed by Stores, and the use of the Marks in connection therewith.

(q) “**Term**” means the period beginning on the Effective Date and ending on the 10th anniversary of that date.

(r) “**Trade Dress**” means the designs, color schemes, decor and images which we authorize and require our franchisees to use in connection with the operation of a Store, which we or our Affiliates have the right to revise and further develop from time to time.

(s) “**Transfer**” means the voluntary or involuntary, direct or indirect transfer, assignment, sublicense, sale, gift, pledge, mortgage, hypothecation or other disposition (including those occurring by operation of law and a series of transfers that in the aggregate constitute a Transfer) of any of your interests in this Agreement, Your Store or its assets (other than in the ordinary course of business), your right to possession of the Premises, or a direct or indirect ownership interest in you.

(t) “**Your Store**” means the Store that you are authorized to develop, own and operate pursuant to this Agreement.

2. GRANT OF FRANCHISE

2.1. Grant of Franchise. We grant you the Franchise for the Term and subject to the terms and conditions of this Agreement. The Franchise is specific to the Premises identified on Schedule 3; however, if at the time of signing this Agreement we have not accepted and you have not secured the Premises for Your Store, you will have six (6) months from the Effective Date to obtain our acceptance of and secure the Premises for Your Store. If you subsequently obtain our acceptance of and secure the Premises for Your Store within the 6-month period, we and you will sign Alternative Schedule 3 **identifying** the Premises for Your Store. If you fail to obtain our acceptance of and secure the Premises for Your Store within the 6-month period, however, we have the right to terminate this Agreement. For purposes of this Agreement, to “**secure the Premises for Your Store**” means that you have either (i) signed a Lease (defined below) that we have accepted as described in Section 4.2 below, if you are

leasing or subleasing the Premises; or (ii) taken possession of the Premises, if you own the Premises. You hereby accept the Franchise and undertake the obligation to operate Your Store using the System in accordance with the System Standards.

2.2. No Exclusivity. You are not granted an exclusive area or protected territory around the Premises within which we or our Affiliates agree not to issue franchises or operate competing businesses. We and our Affiliates have the right, anywhere in the world, to issue franchises, grant licenses for products or services, and conduct any other business or activities, with or without the Marks and in any type of distribution channel, regardless whether such activities are competitive with Your Store. We and our Affiliates will not be required to provide you with any compensation for, or any right to participate, in any such of activities.

2.3. Approved Products. In operating Your Store, you must offer all Approved Products and may offer for sale only those Approved Products that we approve from time to time for you to sell at the Premises. The Approved Products that you initially are authorized to offer at Your Store are explained in the Operations Manual. In the future, we have the right to change or add to the Approved Products that you are authorized to offer at the Premises and notify you of such changes or additions, as we determine, through references to the Operations Manual, bulletins and other written materials, electronic computer messages, telephonic conversations, and/or consultations at our offices or at Your Store. Although the Approved Products sold at Stores may vary from Store to Store, you may only sell those Approved Products that we authorize you to sell from Your Store.

3. SUCCESSOR FRANCHISE

3.1. Renewal. You have the one-time option to acquire a successor franchise for an additional 10-year term subject to the following:

(a) You must give us written notice of your intention to acquire a successor franchise at least 180 days prior to expiration of the Term;

(b) You must sign our then-current form of Franchise Agreement, the terms and conditions of which may be materially different than those contained in this Agreement, including with respect to fees and charges and performance criteria. The successor franchise agreement will be amended to acknowledge that Your Store is then in operation, to provide for payment of the fee described in clause (h) below instead of an initial franchise fee, and to remove any further rights to secure another successor franchise agreement;

(c) You, your Affiliates, and your and their respective officers, directors, owners, and agents must execute a general release of any and all claims against us, our Affiliates and our and their respective officers, directors, owners, agents and employees;

(d) At our request, you must refurbish, remodel, redecorate, and renovate Your Store at the commencement of the renewal term to meet our then-current System Standards for Stores, including designs and service systems, computer and point-of-sale equipment, and Trade Dress;

(e) You must have complied with all of the terms and conditions of this Agreement or any other agreement between you and us during the Term;

(f) All amounts you owe to us, our Affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise, must have been paid in full prior to acquiring the successor franchise, and must have been paid in a timely manner throughout the Term;

(g) You must have the right to maintain the Premises for at least the duration of the term of the successor franchise, and you must provide a copy of the Lease to us;

(h) You must pay us a fee in the amount of \$2,500; and

(i) You must follow our then-current renewal process, which may require you to deliver certain financial statements and other records and reports to us, attend additional training and cooperate in any audits and/or inspections we may conduct or require.

If we determine that you have met all of the conditions described above prior to the expiration of the Term, we will provide you with an execution copy of the form of Franchise Agreement to be entered into for the successor franchise term. If you do not execute and return the successor Franchise Agreement to us within 30 days of your receipt, then you will be deemed to have withdrawn your notice of renewal, and this Agreement will terminate at the end of the Term.

4. SITE SELECTION, LEASE OF PREMISES AND DEVELOPMENT OF YOUR STORE

4.1. Site Selection You must locate and obtain our written acceptance of the Premises before you sign a lease or sublease for or begin construction of the Premises. Our acceptance of the Premises is for our own internal purposes and will, to a large extent, be based on information you provide us with respect to the demographic and commercial characteristics of the proposed Premises. Our acceptance does not constitute a representation or warranty of any kind as to the suitability of the Premises for Your Store or for any other purpose. You must make your own determination in that regard. Our criteria may change, the commercial characteristics of the Premises may change, and there are no guarantees with respect to the continued suitability of the Premises or its potential for success. Those factors are beyond our control, and we will not be responsible to you if the Premises do not meet your expectations. We may provide assistance to you in identifying and securing possession of the Premises, including by referring you to brokers and identifying one or more sites that we believe to be available and that might meet our criteria. Our assistance does not replace your own diligence and investigation, and you may not rely on any assistance we provide for any purpose whatsoever.

4.2. Your Obligation to Secure Possession. Once we have confirmed, in writing, our acceptance of your proposed Premises, it will be your responsibility to secure the right to occupy the Premises under an agreement that allows you to develop and operate Your Store in accordance with this Agreement for the duration of the Term (for ease of reference, that agreement will be referred to as the “**Lease**”). However, you agree not to execute the Lease until we have accepted its terms. Our acceptance will be conditioned on the landlord’s agreement, either in the body of the Lease or in a separate addendum or rider, with certain provisions that we determine to be important for the continuity and goodwill of the TCBY brand and for our position as franchisor, including:

(a) notice of, and the right (but not the obligation) to cure, your default of the Lease;

(b) agreement that, without the landlord’s consent, you can assign to us, our Affiliate, or another franchisee your interest under the Lease; and

(c) a requirement that the landlord disclose to us, upon our request, sales and other information that you furnish to it.

Our acceptance of a Lease does not constitute an express or implied warranty by us of the successful operation or profitability of a Store operated at the Premises or that the terms of the Lease are as favorable to you as they might be. Our acceptance means only that we believe the Lease meets criteria we have established for our own internal purposes. If, after we accept your proposed Lease, you sign it,

you do so based on your own diligence and acceptance of the terms and conditions contained in the Lease. You must provide us with a copy of the fully executed Lease within 15 days after its execution.

4.3. Development of Your Store. You are responsible, at your expense, for doing all things necessary to construct and develop Your Store in accordance with our System Standards, the Lease, and applicable law. We will furnish you with prototypical plans and specifications for a Store, including requirements for exterior and interior materials and finishes, dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. You must comply with these plans and specifications, as adapted, with our prior written approval, to accommodate the particular shape and dimensions of the Premises and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You agree to submit construction plans and specifications to us for our approval before construction of Your Store is commenced, and you agree to submit all revised plans and specifications to us for our approval during the course of construction. In constructing and outfitting Your Store, you may use only those materials and items (including furniture, fixtures and equipment) we designate, and you may secure those items from and use only those providers (including an architect and general contractor) that we designate or approve from time to time. On completion of construction, you also agree to provide us with a set of “as built” plans and specifications. You acknowledge and agree that you assume all risk relating to the construction and development of Your Store, and our designation or approval of your architect, contractor, construction plans and specifications does not constitute an express or implied representation or warranty of any kind as to the quality of such construction or development or the success of Your Store.

4.4. Fixtures, Furnishings, Equipment, Signs and Computer Systems. In developing and operating Your Store, you agree to do each of the following:

(a) Use only the fixtures, furnishings, equipment and signs that we require and have approved for Stores as meeting our System Standards;

(b) Place or display at the Premises (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing; provided, however, that we have the right to install all required signs at the Premises at your sole expense; and

(c) Use the computer equipment and operating software, including any point-of-sale or electronic cash register (“**Computer System**”) that we specify from time to time. We have the right to require you to obtain specified computer hardware and/or software and modify specifications for and components of the Computer System from time to time. Our modification of specifications for the Computer System’s components may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software, obtain service and support for the Computer System during the Term and pay any related connection fees. We have the right to require you in the future to purchase additional or different components of the Computer System, including computer hardware and software and connection and other related services, from a supplier or suppliers we designate, which may include us or our Affiliates. You agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or modifications). We have the right to independently access the information and data you collect and gather using any Computer System or other data collection equipment (such as an electronic cash register) we require for Your Store.

You agree that all fixtures, furnishings, equipment, signs and computer systems used in connection with the operation of Your Store will be free and clear of all liens, claims and encumbrances, except for liens, claims or encumbrances asserted by us and except for third-party purchase money security interests.

4.5. Opening Your Store. You will not open Your Store for business until we approve it for opening. We will not approve it for opening until all required pre-opening training has been completed to our satisfaction, all amounts then owed to us and our Affiliates have been paid, you have provided us with a copy of (and we have accepted) your fully executed Lease, you have provided us with a certificate of insurance issued by your insurance provider confirming that you have procured and fully paid for the insurance required under this Agreement.

Subject to your compliance with the conditions set forth in this Section 4.5, you agree to open Your Store for business no later than the “**Start Date**,” which is the date that is 150 days after either: (i) the Effective Date, if at the time of signing this Agreement we have identified the Premises on Schedule 3 attached to this Agreement; or (ii) the date you and we sign Alternative Schedule 3 identifying the Premises for Your Store. Your Start Date is listed on Schedule 3 or Alternative Schedule 3, as applicable.

4.6. Grand Opening Promotion. You agree to conduct a grand opening advertising and promotion program for Your Store in a manner that we approve, commencing within 30 days either before or after the opening of Your Store, as we may reasonably designate. The grand opening program shall conform to our requirements and shall utilize the media and advertising formats we designate. We have the right to require you to submit a grand opening plan that meets our approval containing details about the grand opening promotion. You shall expend for the grand opening program an amount determined by us, which shall be an amount between \$5,000 and \$10,000.

5. TRAINING AND GUIDANCE

5.1. Operations Manual. To facilitate the training and guidance we provide and to assist you in developing and operating Your Store, we will, during the Term and provided you remain in compliance with this Agreement, provide you with access to a copy of our Operations Manual. You may not at any time copy any part of the Operations Manual, either physically or electronically. If there is a dispute relating to the contents of the Operations Manual, the master copy we maintain at our corporate headquarters, will control. The Operations Manual and any passwords that we provide to access it electronically form part of our Confidential Information and, as such, are subject to the same restrictions as other Confidential Information regarding its use, disclosure and return.

5.2. Training. We will provide training to you as described in this Section. You agree to comply with all of our training requirements as described below. We will charge an additional fee for attendance or participation in our training programs only as described below, but in every instance, you are entirely responsible for arranging for and paying all of your and your other representatives’ other costs of attending or participating in the initial training program and all other training programs we offer. We will determine the format, content, method of delivery and location of each training program.

(a) Initial Training. We will provide you with access to our initial training program on the operation of Stores. Before opening Your Store for operation, you, at least one of your Entity Owners (if you are an Entity), and your initial store manager must successfully complete, to our satisfaction, our initial training program. You may not allow Your Store to be managed by a person who has not completed, to our satisfaction, our initial training program or who we have not otherwise certified to do so. We will not charge an additional fee for up to two (2) people to attend or participate in the initial training program.

(b) Replacement Managers. If you replace your initial store manager, the replacement manager will also be required to complete, to our satisfaction, all phases of our initial training program. We may charge a fee for the training for subsequent managers, which you will be required to pay at least ten (10) days prior to the beginning of training.

(c) Refresher and Additional Training. We have the right to require you and/or your previously trained and experienced representatives to attend periodic refresher training programs and training programs or courses regarding specific products or processes. We may charge fees for these additional or refresher training courses.

(d) National Conventions and Regional Meetings. You or at least one of your Entity Owners (if you are an Entity) and, when we request, the manager of Your Store and/or an approved trainer if you are a multi-unit franchisee must attend all national conventions and regional meetings that we designate as mandatory. National conventions and regional meetings will take place at the time and locations we designate, and we may charge you a reasonable fee for each of your attendees. We may also charge you a reasonable fee if you or any of your required representatives fails to attend any national convention or regional meeting we designate as mandatory.

5.3. Other Guidance and Operating Assistance. Although we do not have an obligation to do so, we may advise you from time to time regarding various aspects of the operation of Your Store, including with respect to System Standards, operating procedures, purchasing fixtures, furnishings, equipment, signs, Approved Products, materials and supplies, and advertising and promotional programs. We will determine and control the form, format, method of delivery, and timing of any guidance and assistance we furnish or make available to you. You agree that we will not be liable to you or any other person, and you waive all claims for liability or damages of any type (whether direct, indirect, incidental, consequential, or exemplary), on account of any guidance or operating assistance offered by us in accordance with this Section 5.3, except to the extent caused by our gross negligence or intentional misconduct.

6. FEES

6.1. Initial Franchise Fee. You must pay us, on your execution of this Agreement, a nonrecurring, non-refundable initial franchise fee in the amount of \$35,000. The initial franchise fee will be deemed fully earned by us when we sign this Agreement and is not refundable.

6.2. Continuing Royalty Fees. You also agree, for the entire Term, to pay us a continuing royalty fee (“**Royalty**”) equal to six percent (6%) of Your Store’s Gross Revenue. Unless we provide otherwise in the Operations Manual, each Royalty payment will be due on or before the close of business on Wednesday of each week based on the Your Store’s Gross Revenue for the preceding week as defined by us from time to time.

6.3. Method and Application of Payments. We will determine from time to time the method by which you must pay Royalty and all other fees and amounts due us or our Affiliates under this Agreement or relating to Your Store. We currently require payment of all such amounts by pre-authorized electronic bank transfer, and you agree to execute and complete all documents necessary to allow us to initiate debit entries and/or credit correction entries to your designated bank account for that purpose. You agree to maintain, at all times, a balance in your designated bank account sufficient to allow the appropriate amount to be debited from your account. If you do not timely provide us with a report of your Gross Revenue to allow us the opportunity to calculate the amount of fees you owe, we have the right to estimate in good faith Your Store’s Gross Revenue for the missing period and debit your account in an amount equal to the fees that would be due based on such estimation. In making our good faith estimate, we may consider the last report of Gross Revenues that we received from you, any seasonal sales trends, and any system-wide averages and other pertinent information available to us. You are responsible for any penalties, fines or other similar expenses associated with the pre-authorized bank transfers described in this Section. Regardless of any designation by you, we have the right to apply any payments by you to any of your past-due indebtedness to us or our Affiliates.

6.4. Late Fees; Interest on Late Payments. To compensate us for the administrative and management costs resulting from your late payment or late report, we may charge a \$100 late fee for each delinquent payment, due when the delinquent payment is due, and for each delinquent report, due when the delinquent report is due. We will continue to charge a late fee for each period that the fee or report remains delinquent. These fees are neither interest nor a penalty. All amounts you owe to us or our Affiliates will bear interest from their due date until paid at a rate equal to the lesser of the highest rate allowed under applicable law or 1.5% per month, payable when the corresponding delinquent payment is made. You agree that this Section 6.4 does not constitute our or our Affiliates' agreement to accept payments after they are due or a commitment by us or our Affiliates to extend credit to you or otherwise to finance the operation of Your Store.

6.5. No Right of Offset. You have no right of "offset" and will not withhold payment, for any reason, of any Royalties, marketing fees or any other payment due to us under this Agreement or any other agreement.

7. **OBLIGATIONS RELATING TO OPERATIONS**

7.1. Compliance with Laws and Good Business Practices. You must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the operation of Your Store and operate Your Store in full compliance with all applicable laws, ordinances and regulations, including PCI compliance standards. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Your Store as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders or regulations. Notwithstanding the foregoing, in the event any guidance or recommendation issued by any federal, state, or local authority directly or indirectly affects the operation of Your Store, you will not close Your Store unless you obtain our prior written consent. In all dealings with your customers, suppliers, us and the public, you must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Stores. You agree to comply with our website privacy policy, as it may be amended periodically; you further agree to comply with any requests to return or delete consumer personal information, whether requested by us or directly by the consumer, as required by applicable data sharing privacy laws. You must notify us in writing within three business days of: (1) the commencement of any action, suit or proceeding relating to Your Store; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to Your Store; (3) any notice of violation of any law, ordinance or regulation relating to Your Store; (4) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to Your Store; and (5) written complaints from any customer. You must immediately provide to us copies of any documentation you receive of events in (1) through (5) above and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

7.2. Compliance with System Standards. The operation of Your Store in accordance with the System Standards is essential to preserve the goodwill of the Marks and all Stores within the System. Therefore, you agree that you will maintain and operate Your Store in accordance with each of the System Standards. We have the right to modify the System Standards from time to time, and you

acknowledge that the modifications may obligate you to invest additional capital in Your Store and to incur higher operating costs. If, at any time in our reasonable judgment, Your Store does not meet our then-current System Standards, we will notify you, specifying in reasonable detail the actions to be taken by you to comply with System Standards. If you fail or refuse to initiate promptly and timely complete the necessary actions as set forth in the notice, in addition to any of our other rights to enforce this Agreement, we will have the right (but not the obligation) to enter Your Store premises and complete the necessary actions described in the notice. You will reimburse us for the entire cost thereof upon demand. You agree to cooperate fully with us in connection with any of our actions under this Section.

7.3. Restrictions on Operations. You may not operate Your Store at any site other than the Premises without our prior written consent. In addition, you may only offer and sell finished Approved Products that have been approved for sale over the counter to retail customers from Your Store, and may not sell Approved Products or any materials, supplies, or inventory bearing the Marks at any other location or through any alternative channel of distribution without our prior written consent. **“Alternative channels of distribution”** include, but are not limited to, the operation of a food cart or kiosk, sales through the Internet (or any other form of electronic commerce), vending machine sales, and mail order and telephone sales. Notwithstanding the above restrictions, you may: (i) offer and sell Approved Products as part of off-site catering events and company account programs, provided you deliver (and do not engage a major carrier to deliver) Approved Products that meet System Standards for freshness the same day they are made and the sales are not part of a mail order program; (ii) offer samples of Approved Products at or directly in front of Your Store or other locations near Your Store as approved by your landlord; or (iii) upon our prior written approval, offer and sell Approved Products from a table, kiosk or cart at satellite locations that we approve. You may not sell to anyone any materials, supplies, or inventory used in the preparation of any Approved Products. Further, you may not sell any Approved Products to any person or entity purchasing the Approved Products for resale.

7.4. Internet Use. You may not advertise Your Store or the Approved Products over the internet (or any other form of electronic commerce) or establish a related site on the world wide web without our prior written consent. Your general conduct on the internet (or any other form of electronic commerce) and specifically your use of the Marks is subject to the provisions of this Agreement. Without limiting the foregoing, you agree to follow our policies and procedures as they may be communicated to you periodically in the Operations Manual or otherwise regarding the use of social media and similar methods of communication. Further, you acknowledge that we have the right to require you to have access to the internet from the Premises and to submit reports, including reports of Gross Revenue, to us over the internet in accordance with System Standards. We also have the right to require you to establish and maintain a valid email address and authorize us to communicate with you by this method at such address.

7.5. Our Right to Inspect Your Store. We and our designated agents have the right to, at any reasonable time and without prior notice to you, to inspect the Premises, to observe, photograph and record Your Store’s operations for such consecutive or intermittent periods as we deem necessary, to remove samples of any Approved Products, materials or supplies for testing and analysis, to interview Your Store’s personnel and customers, to inspect your Computer System (including hardware, software, security, configurations, connectivity, and data access), and to access, inspect and copy any books, records and documents relating to the operation of Your Store. You agree to cooperate fully with us in connection with any of our inspections, observations, photographing, videotaping, product removal and interviews.

7.6. Surveys. You will present to your customers such evaluation forms as we periodically require and will participate in and request your customers to participate in any surveys performed by or on our behalf.

7.7. Good Standing and Guaranties by Entity Owners. If you are an Entity:

(a) you represent and warrant to us that you are and will, throughout the Term, remain in good standing under the laws of the state of your incorporation or formation and in all other states in which you are required to qualify; and

(b) each of your Entity Owners will execute our the-current form of Guaranty pursuant to which they will personally assume and guaranty your performance of each and every obligation under this Agreement.

7.8. Insurance. Throughout the Term you must maintain in force at your sole expense comprehensive insurance policies complying with our specifications as to amount and type of coverage, which we may specify from time to time in writing. Currently, we require you to maintain general liability coverage which must include contractual liability, broad form property damage, products and completed operations, personal and advertising injury, fire legal liability and premises and operations coverage. The minimum policy limits on the general liability insurance coverage described above is \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Additionally, we require you to carry property insurance (contents coverage) with 100% coverage of the full replacement cost against loss or damage from fire and other risks normally insured against in special cause of loss coverage. You also must maintain workers' compensation insurance for your employees in compliance with laws applicable in the state in which your Store is operated. You also must maintain automobile liability insurance coverage, including owned and non-owned vehicles, with limits of not less than \$1,000,000. We place no restriction on what insurance carrier you use to obtain the coverage outlined above. We may periodically change the amounts of coverage required under these insurance policies, require a minimum rated insurance carrier, or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

You release and relieve us and our Affiliates, and all of our and their officers, directors, shareholders, employees, agents, successors, assigns, contractors, and invitees and waive your entire right of recovery against us and our Affiliates and all of our officers, directors, shareholders, employees, agents, successors, assigns, contractors, and invitees for loss or damage arising out of or incident to the perils required to be insured against under this Section, which perils occur in, on or about the Premises or relate to the operation of Your Store, whether due to the negligence of us or our Affiliates or you or any of our or your related parties.

The requirements we impose regarding insurance are for our own purposes. You must assess whether our requirements are sufficient for your own needs or to comply with applicable law. Your compliance with the insurance requirements herein, and the availability of insurance coverage to defend and indemnify us, will not relieve you of your obligations under the defense, indemnification, and hold harmless provisions of this Agreement, which are separate and independent. If any of your insurers denies or limits coverage to us for any claim falling within the scope of the applicable policy or your obligations herein, then you will provide that defense and indemnity directly. Your requirements regarding insurance are not affected by any insurance we maintain ourselves.

7.9. Pricing. Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by Your Store. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you

from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

7.10. Information Security. You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“**Personal Information**”) in accordance with applicable law and industry best practices. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed.

7.11. Employees, Agents and Independent Contractors. You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of Your Store. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of Your Store in compliance with federal, state, and local employment laws.

8. **REPORTS AND RECORD KEEPING**

8.1. Accounting, Reports and Financial Statements. You agree to establish and maintain a bookkeeping, accounting, record keeping and data processing system conforming to the requirements and formats that we prescribe. You agree to furnish to us reports relating to Your Store by the delivery method and in such form and content as we prescribe from time to time. These reports include, but are not limited to, the following:

(a) Gross Revenue Reports. On or before noon on Wednesday of each week, a report of Your Store’s Gross Revenue for the previous week;

(b) Monthly Financial Reports. Within 25 days after the end of each calendar month, a profit and loss statement for Your Store for the previous calendar month and a year-to-date statement of financial condition as of the end of the previous calendar month;

(c) Semi-Annual Reports. By January 31 and July 31 each year, a balance sheet for Your Store as of December 31 and June 30, respectively;

(d) Tax Returns. Within ten (10) days after the returns are filed, exact copies of federal and state income, sales and any other tax returns and the other forms, records, books and other information as we have the right to periodically require; and

(e) Loan Status. By January 15, April 15, July 15 and October 15 of each calendar year, reports on the status (including the outstanding balance, then-current payment amounts, and whether such loan is in good standing) of any loans outstanding as of the previous calendar quarter for which Your Store or any of Your Store’s equipment is collateral. You must also deliver to us,

within five (5) days after your receipt, copies of any default notices you receive from any of such lenders. You agree that we or our affiliates may contact your banks, other lenders, and vendors to obtain information regarding the status of loans of the type described herein and your accounts (including payment histories and any defaults), and you hereby authorize your bank, other lenders, and vendors to provide such information to us and our affiliates.

Further, at our request, you will provide current financial information for each of your Entity Owners who personally guaranty your obligations as necessary to demonstrate the ability of such Entity Owners to satisfy their financial obligations under their individual guarantees.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the point-of-sale system and retrieve all information relating to the operation of Your Store. You agree to preserve and maintain all records in a secure location at Your Store for at least three (3) years (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers). We also have the right to require you to have audited or reviewed financial statements or other financial reports that we reasonably designate prepared and submitted to us on an annual basis.

8.2. Our Right to Audit. At any time during business hours and without prior notice to you, we and our representatives have the right to inspect and audit the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of Your Store as well as your books and records. You agree to fully cooperate with our representatives to conduct any inspection or audit. If an inspection or audit discloses an understatement of Your Store's Gross Revenue, you will pay to us, within 15 days after receipt of the inspection or audit report, the continuing fees due on the amount of the understatement, plus interest (at the rate and on the terms provided in Section 6.4) from the date originally due until the date of payment. Further, if inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as required by this Agreement, or to furnish the reports, records or information on a timely basis, or if an understatement of Gross Revenue for the period of any audit is determined by the audit or inspection to be greater than two percent (2%), then within 15 days after receipt of the inspection or audit report, you will reimburse us for the cost of the audit or inspection, including the charges of attorneys and any independent accountants and the travel expenses, room and board and compensation of our employees. If you fail to cooperate with our audit, or are unwilling or unable to provide us with sufficient records, including the records and reports that you are required to maintain under this Agreement, to complete the audit to our reasonable satisfaction, we may establish a reasonable estimation of your Gross Revenue based on the data available to us (which may include records regarding product purchases, percentage rent reports or other information obtained from third parties) and collect from you any estimated amount that we deem was underreported or underpaid pursuant to this Agreement. These remedies are in addition to our other remedies and rights under this Agreement or applicable law, and our right to audit will continue for two (2) years following expiration or termination of this Agreement.

9. **MARKETING AND PROMOTION**

9.1. Marketing Fees. You agree, for the entire Term, to pay to us a marketing fee of three percent (3%) of Your Store's Gross Revenue, payable with and in the same manner as Royalty. Marketing fees pay for expenses associated with programs that we establish to promote the Marks and Stores generally ("**Brand Promotion Programs**").

(a) Administration of Brand Promotion Programs. We will, without any fiduciary obligation to you, direct or cause our designee to direct all Brand Promotion Programs. We will determine the creative concepts, materials and endorsements used and the geographic, market and

media placement and allocation. The expenses that may be funded by the marketing fees we collect include preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a website for the System and Stores and related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices; implementing a loyalty program or other marketing programs designed to encourage the patronage of Stores; and reimbursing us or our designees for the reasonable salaries and benefits of personnel who manage and administer the Brand Promotion Programs including administrative costs, travel expenses of personnel while they are working on activities related to the Brand Promotion Programs, meeting costs, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for marketing fee payments. We have the right, at our option, to use marketing fees to prepare, furnish and/or offer for sale to you advertising, marketing and promotional formats and materials for your use in your own local marketing efforts.

(b) Accounting for the Marketing Fees. The marketing fees we collect will be accounted for separately from our other funds, and we may, but will not be required to, segregate them from our other operating funds. If you make a written request within 90 days following the end of our fiscal year, we will make available to you no later than 120 days after the end of our fiscal year, an annual statement of marketing fees collected and costs incurred for our Brand Promotion Programs during the prior fiscal year. We are not required to have this statement independently audited.

(c) Benefits to Individual Stores. Brand Promotion Programs are intended for general promotion. We do not guaranty any particular result or that our expenditure of marketing fees or the conduct of any Brand Promotion Programs will directly, indirectly, or proportionally benefit Your Store or have any relationship to the amount of marketing fees you pay.

(d) Your Participation in Brand Promotion Programs. You agree to have your Store participate, in accordance with the rules and requirements we establish for the particular Brand Promotion Program, in any Brand Promotion Program that covers the area in which Your Store operates.

9.2. Your Advertising and Promotional Activities. In addition to paying marketing fees and participating in Brand Promotion Programs, you must use reasonable efforts to promote Your Store locally and, toward that end, you will list Your Store in the principal telephone and online directories that cover the metropolitan area in which Your Store is located, and you will spend on marketing and related programs any amounts that are required under your Lease (“**Local Marketing**”). You may use in your Local Marketing only those materials that we provide or make available to you or for which we have given our prior written approval. You must submit your proposed materials for our review at least 15 days prior to your proposed use.

9.3. Our Advertising Materials. From time to time, we may provide you with copies of advertising, marketing and promotional formats and materials for use in Your Store, which we have prepared using marketing fees we have collected from Stores. While we expect to provide some of these materials without charge, we reserve the right to charge you for these materials or require that you pay certain shipping and related expenses associated with delivering them to you. In addition, we have the

right to develop and market special mandatory promotional items for Stores and require you to maintain a representative inventory of these promotional items to meet public demand. In such case, we will make these items available to you at our direct cost plus a reasonable mark-up and any shipping, handling and storage charges. If you do not place minimum orders of products and other items necessary for a mandatory promotion or product roll-out by a certain date, we have the right to send, or direct suppliers to send, an automatic shipment of a specified minimum quantity of such products and items to you, and you must accept and pay for them upon receipt. We also have the right to conduct coupon promotions. In such case, we have the right to require you to accept coupons that are issued by us or our Affiliates and presented at Your Store by your customers. You will receive certain compensation for these coupons when you tender them to us in accordance with our System Standards.

9.4. Advertising Cooperatives. We have the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative (“**Cooperative**”), and to determine whether a Cooperative is applicable to Your Store. If a Cooperative exists or is established for the area in which Your Store is located, you must join and participate in the activities of the Cooperative. Each Cooperative will be organized and governed in a form and manner, and will commence and cease operations on the dates we determine. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. The amount and timing of the required contributions to the Cooperative and all activities and other decisions of the Cooperative will be determined by a majority vote of the Stores that are members of the Cooperative, with each member Store having one (1) vote; provided, however, that all such contributions and decisions will be subject to our approval, which we will not unreasonably withhold. Only those Stores that have timely paid all required contributions will be entitled to vote on Cooperative activities.

10. **USE OF THE MARKS AND CONFIDENTIAL INFORMATION**

10.1. Ownership and Goodwill of Marks. You acknowledge that we or our Affiliates are the exclusive owners of the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable System Standards, specifications and operating procedures that we require. Any unauthorized use of the Marks by you will constitute a breach of this Agreement and an infringement of our rights in the Marks. You agree that your use of the Marks and any goodwill established by that use will be for our and our Affiliates’ exclusive benefit. This Agreement does not confer any past, present or future goodwill or other interests in the Marks upon you, other than the right to operate Your Store in compliance with this Agreement.

10.2. Limitations on Your Use of Marks. You agree to use the Marks applicable to the type of Store you are operating under this Agreement as the sole identification of Your Store. You will not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you under this Agreement), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently at Your Store and on materials used to promote Your Store, in each case, only in the manner we direct or approve in writing. You agree to refrain from any business or marketing practice which may be injurious to Your Store, our business and the goodwill associated with the Marks and other Stores. You agree to give such notices of trade and service mark registrations as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. You may not use any Mark as part of an electronic mail address or on any sites on the internet or world wide web or as part of any internet domain name or address.

10.3. Discontinuance of Use of Marks. We have the right to require you to modify or discontinue use of any Marks or use one or more additional or substitute trade or service marks if we determine it is advisable to do so at any time. You agree to comply with our directions in that regard. We will not be required to reimburse you for your expenses in modifying or discontinuing the use of a Mark and substituting a different Mark or for any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by you to promote a modified or substitute Mark.

10.4. Infringements and Claims. You agree to immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, and you will not communicate with any person other than us or our counsel in connection with the infringement, challenge or claim. We and our Affiliates will have the right to take the action we deem appropriate and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative or court proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any instruments and documents, render such assistance and do those things as, in the opinion of our legal counsel, may be necessary or advisable to protect and maintain our interests in any litigation or U.S. Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. If you have timely notified us of the claim or proceeding and have otherwise complied with this Agreement, we will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark in compliance with this Agreement. You will allow us and our Affiliates to control the defense of any proceeding arising out of your authorized use of any Mark.

10.5. Non-Disparagement. You agree not to (and to use your best efforts to cause your current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our Affiliates, any of our or our Affiliates' directors, officers, employees, representatives or affiliates, current and former franchisees or developers of us or our Affiliates, the Marks, the System, any Store (including Your Store), any business using the Marks, any other brand or service-marked or trademarked concept of us or our Affiliates, or which would subject the TCBY brand or such other brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us, the TCBY brand or such other brands.

10.6. Concepts Developed by You. You may not test, offer, or sell any new products without our prior written consent. As between us and you, we are the sole owner of all right, title, and interest in and to the System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. If we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to

further the purposes of this Section with the same legal force and effect as if executed by you. The obligations of this Section shall survive any expiration or termination of the Agreement.

10.7. Confidential Information. During the Term, we may disclose certain Confidential Information to you. You are not acquiring any interest in Confidential Information, other than the right to utilize the portions of it we disclose to you in the operation of Your Store during the Term. Your use or duplication of any Confidential Information in any other business will constitute an unfair method of competition and a violation of this Agreement. The Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree not to use Confidential Information in any other business or capacity, to maintain the absolute confidentiality of Confidential Information during and after the Term, not to make unauthorized copies of, disclose or distribute any portion of Confidential Information, and to adopt and implement all reasonable procedures that we prescribe to prevent unauthorized use or disclosure of Confidential Information, including restrictions on disclosure of Confidential Information to your employees and compliance with the requirement that certain key employees execute confidentiality agreements as a condition of employment.

11. COVENANTS NOT TO COMPETE

11.1. In-Term Non-Compete and Non-Solicitation. We would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Stores if you or the manager of Your Store were permitted to hold interests in or perform services for a Competitive Business. We have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. Therefore, during the Term, no Restricted Person and no manager of Your Store will:

- (a) Have any direct, indirect or beneficial interest in a Competitive Business, except other Stores operated by you under franchise agreements with us or any of our Affiliates;
- (b) Perform services as a director, officer, manager, employee, consultant, representative, agent, landlord or otherwise for a Competitive Business, except other Stores operated by you under franchise agreements with us or any of our Affiliates;
- (c) Divert or attempt to divert any actual or potential business or customer of Your Store to a Competitive Business; or
- (d) Directly or indirectly appropriate, use or duplicate the System or System Standards, or any portion thereof, for use in any other business or endeavor.

11.2. Post-Term Non-Compete and Non-Solicitation. You agree that all Restricted Persons will also be bound by the restrictions described in Section 11.1 above for a period of two (2) years following the expiration or termination of this Agreement for any reason other than as a result of our default (three (3) years if we purchase Your Store as provided in Section 14.2), except that the restrictions described in clauses (a) through (c) in Section 11.1 will apply only with respect to Competitive Businesses that are located or operating within ten (10) miles of Your Store and within ten (10) miles of any other Store.

11.3. Validity and Application of Restrictions. You represent to us that you and the other Restricted Persons have skills and abilities of a general nature and have other opportunities for exploiting those skills. Consequently, enforcement of the covenants made in this Section 11 will not deprive you or them of their personal goodwill or ability to earn a living. Nothing in this Section 11 is intended to or will prohibit the ownership by any Restricted Person of two percent (2%) or less of the shares of a class of securities of a Competitive Business that are listed on a public stock exchange or traded on the over-the-counter market.

11.4. Enforcement of Non-Competes. If any covenant in this Agreement which restricts competitive activity is deemed by a court to be unenforceable by virtue of its scope, but would be enforceable by reducing any part or all of the covenant, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

12. TRANSFERS

12.1. Transfers by Us. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interest in this Agreement. We may delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

12.2. Restrictions on Transfers by You. Your rights and duties created by this Agreement are personal to you, and we have granted this Agreement to you in reliance upon our perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and, if you are not an individual, your Entity Owners. Accordingly, you may not delegate any of your obligations under this Agreement, and you may not engage in or permit any Transfer without our prior written approval. Any Transfer without our approval will constitute a breach of this Agreement and will be void and of no effect.

12.3. Conditions for Our Approval of a Proposed Transfer. You must give us 60 days' prior written notice of any proposed Transfer. Your notice must include a description of the proposed Transfer and such information as we require about the persons involved in the proposed Transfer. If you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all of the following requirements:

(a) Character. The proposed transferee and, if the proposed Transfer involves an Entity, the Entity Owners, must, in our determination, be of good moral character and otherwise meet our then applicable standards for owners of Stores;

(b) Business Experience and Financial Capacity. The transferee and, if the transferee is an Entity, its Entity Owners must, in our determination, have sufficient business experience, aptitude and financial resources given the nature of the proposed Transfer;

(c) Training. The proposed transferee and/or its senior management personnel have completed to our satisfaction our then-current training program for transferees after signing the franchise documents set forth herein, but prior to assuming operations of the Store;

(d) Satisfaction of Obligations. You have paid all amounts owed for purchases by you from us and our Affiliates and all other amounts owed to us or our Affiliates and third-party creditors;

(e) Execution of Assignment and Assumption Agreement. You and your transferring Entity Owners, if you are an Entity, the transferee and its Entity Owners, if the transferee is an Entity, and us have entered into our then-current form of assignment and assumption agreement, pursuant to which: (i) the transferee has agreed to be bound by and has expressly assumed all of the terms and conditions of this Agreement for the remainder of its term; (ii) the transferee's Entity Owners, if any, have executed our then-current form of guaranty; and (iii) you and your Entity Owners, if any, have agreed to release us and our Affiliates and our and their respective officers, directors, employees and agents from any and all claims;

(f) Execution of New Agreement at Our Option. In addition to entering into our then-current assignment and assumption agreement, at our option, the transferee has executed our then-current form of Franchise Agreement for a term equal to the remainder of the current Term, and if the transferee is an Entity, each Entity Owner of the transferee has executed our then-current form of guaranty;

(g) Payment of Transfer Fees. You or the transferee pays us a transfer fee equal to \$12,500, a portion of which may be a non-refundable deposit that you or the transferee must pay to us when you submit your request for our consent to the Transfer. However, we will not charge a transfer fee if the Transfer is among your existing Entity Owners and the names and identity of all Entity Owners remain the same following the Transfer;

(h) Approval of Terms of Transfer. We have approved the material terms and conditions of the Transfer, including the price and terms of payment. However, our approval of a Transfer does not ensure the transferee's success nor should the transferee rely upon our approval of the Transfer in determining whether to acquire Your Store;

(i) Subordination. If you (or your Entity Owners) finance any part of the sale price of the transferred interest, you and the Entity Owners have agreed that all obligations of the transferee under any promissory notes, agreements or security interests reserved by you (or your Entity Owners) will be subordinate to the transferee's obligations to us and our Affiliates;

(j) Non-Competition and Other Post-Term Obligations. Each Restricted Person who, as a result of the Transfer, will no longer have an interest in you or Your Store has executed a non-competition agreement acknowledging the application of the post-term covenants described in Section 11.2 and otherwise agrees to all other post-term obligations as though the Agreement had expired on the date of the Transfer;

(k) Landlord Consent. If required, the landlord of the Premises consents to the assignment or sublease of the Premises to the transferee;

(l) Refurbishment. You or the transferee has agreed to any refurbishment of the Store required by us to bring the Store in compliance with the then-current System Standards and Trade Dress;

(m) Licensed Escrow Professional. You and the transferee, at your cost, use a licensed escrow professional or other qualified third party acceptable to us to conduct the closing of the Transfer. We have the right to require that all documents and fees payable to us shall be deposited into escrow prior to the time that your transferee attends our training program, together with escrow instructions in form and content satisfactory to us providing for a final closing of the proposed Transfer after the transferee successfully completes all required training; and

(n) Other Conditions. You and your transferring Entity Owners, if you are an Entity, have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

In connection with any assignment permitted under this Section 12.3, you will provide us with all documents to be executed by you and the proposed transferee at least 30 days prior to execution, and you will provide us with a copy of all fully executed documents and agreements that were signed in connection with the Transfer.

12.4. Transfer to a Wholly Owned Entity. If you are in full compliance with this Agreement, you will have the right to transfer your rights in this Agreement to an Entity which will conduct no

business other than the business contemplated by this Agreement, which you actually manage and in which you maintain management control and own and control 100% of the equity and voting power of all issued and outstanding capital stock or other ownership interests. If a transfer is made under this Section 12.4, you will remain personally liable under this Agreement as if the transfer to the Entity had not occurred, and we reserve the right to require you to execute our then-current form of personal guaranty. The articles of formation and other governing documents of the Entity will recite that the issuance and assignment of any interest in the corporation or limited liability company is restricted by the terms of this Section 12, and all issued and outstanding stock certificates and other documents representing ownership interests in you will bear a legend reciting or referring to these restrictions.

12.5. Our Right of First Refusal. If you or one or more of your Entity Owners desires to make a Transfer, you or the Entity Owner will obtain a bona fide, executed written offer and an earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed purchaser and will immediately submit to us a true and complete copy of such offer, which will include details of the payment terms of the proposed sale, the sources and terms of any financing for the proposed purchase price, a list of the owners of record and beneficial owners of any offeror that is an Entity, and a list of the individuals ultimately owning or controlling the offeror. If the offeror or an owner of the offeror is a publicly held Entity, you will also submit to us copies of the most current annual and quarterly reports of the publicly held Entity. To be a valid, bona fide offer, the proposed purchase price will be denominated in a dollar amount. The offer must apply only to an interest in you or this Agreement and may not include an offer to purchase any other property or rights of you or your Entity Owners. However, if the offeror proposes to buy any other property or rights from you or your Entity Owners under a separate, contemporaneous offer, the price and terms of purchase offered to you or your Entity Owners for the interest in you or this Agreement will reflect the bona fide price offered for that interest and will not reflect any value for any other property or rights. We will have the right, exercisable by written notice delivered to you or your Entity Owners within 30 days from the date of delivery of an exact copy of the offer to us, to purchase the interests proposed to be Transferred for the price and on the terms and conditions contained in the offer except that (a) we have the right to substitute cash for any form of payment proposed in the offer, (b) our credit will be deemed equal to the credit of any proposed purchaser, (c) we will have not less than 60 days to close the purchase, and (d) we will have the right to receive from you all customary representations and warranties given by the seller of the assets of a business or equity interest in an Entity, as applicable, including representations and warranties as to ownership, condition of and title to assets, absence of liens and encumbrances relating to the ownership interest and assets, and validity of contracts and liabilities affecting the assets being purchased, contingent or otherwise. If we do not exercise our right of first refusal, you (or your Entity Owners) may complete the proposed Transfer as and on the terms outlined in the offer, subject to our approval of the proposed Transfer and transferee as provided in Sections 12.2 and 12.3. However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or if there is a material change in the terms of the sale, our right of first refusal will be extended for 30 days after the expiration of the 120-day period or after the material change in the terms of the sale.

12.6. Death or Permanent Disability. If you are an individual, upon your death or permanent disability or, if you are an Entity, upon the death or permanent disability of an individual owner of a Controlling Interest in you, the executor, administrator, conservator or other personal representative of that person will transfer his interest in this Agreement or his Controlling Interest in you within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a third party approved by us. A transfer under this Section 12.6, including transfer by devise or inheritance, will be subject to all of the terms and conditions for Transfers contained in Sections 12.2 and 12.3, and unless transferred by gift, devise or inheritance, subject to the terms of Section 12.5. Failure to dispose of such interest within the specified period of time will constitute a breach of this Agreement. For purposes of this Agreement, the term “**permanent disability**” means a mental or physical disability, impairment or

condition that is reasonably expected to prevent or actually does prevent you or an owner of a Controlling Interest in you from supervising the operation of Your Store for a period of six (6) months from the onset of such disability, impairment or condition.

12.7. Effect of Consent to Transfer. Our consent to a Transfer will not constitute a waiver of any claims we may have against the transferor nor be deemed a waiver of our right to demand full compliance by the transferee with the terms or conditions of this Agreement.

12.8. Preparation of a Financial Report by You. We have the right to require you to prepare and furnish to a prospective transferee and/or us such financial reports and other data relating to Your Store and its operations as we deem necessary or appropriate for the prospective transferee and/or us to evaluate the Store and the proposed transfer. You agree that we have the right to confer with prospective transferees and furnish them with information concerning Your Store and the proposed transfer without being held liable to you, except for intentional misstatements made to any such transferee. Any such information furnished by us to prospective transferees is for the sole purpose of permitting the transferees to evaluate Your Store and the proposed transfer and shall not be construed in any manner or form whatsoever as financial performance representations, or representations or claims of success or failure.

13. **DEFAULT AND TERMINATION**

13.1. Your Defaults. You will be in default under the terms of this Agreement, and we may terminate this Agreement, effective immediately on written notice, if any of the following occur:

(a) Insolvency. You file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, or are adjudicated a bankrupt or make an assignment for the benefit of creditors or admit in writing your inability to pay your debts generally as they become due, or if a petition or answer proposing the adjudication of you as bankrupt or your reorganization pursuant to any federal or state bankruptcy law or any similar federal or state law is filed in any court and you consent to or acquiesce in the filing thereof or such petition or answer is not discharged or denied within 60 days after the occurrence of any of the foregoing, or if a receiver, trustee or liquidator of you or of all or substantially all of your assets or your interest in this Agreement is appointed in any proceeding brought by you, or if any such receiver, trustee or liquidator is appointed in any proceeding brought against you and is not discharged within 60 days after the occurrence thereof, or if you consent to or acquiesce in such appointment (any such event described in this Section 13.1(a) being referred to as an “**Insolvency Event**”);

(b) Unauthorized Transfer. A Transfer occurs in violation of the provisions of Section 12;

(c) Failure to Complete Training. You or your initial store manager fails to complete all phases of the initial training program to our satisfaction;

(d) Misstatements and Other Adverse Developments. You (or, if you are an Entity, any Entity Owner) have made any material misrepresentation or omission in your application for the Franchise, are convicted by a trial court of or plead no contest to a felony or to any other crime or offense that, in our determination, may adversely affect the goodwill associated with the Marks, or if you engage in any conduct which, in our determination, may adversely affect the reputation of any Store or the goodwill associated with the Marks;

(e) Unauthorized Use of Marks or Confidential Information. You or an Entity Owner make any unauthorized use of the Marks or any unauthorized use or disclosure of Confidential Information;

(f) Abandonment. You abandon or fail actively to operate Your Store for three (3) consecutive days unless Your Store has been closed for a purpose approved in advance by us in writing or because of fire, flood or other casualty or government order;

(g) Breach of Lease; Loss of Right of Possession. You are in breach of any of your obligations under your Lease or you lose the right to possession of the Premises;

(h) Failure to Comply with Certain System Standards and Health Requirements. You fail or refuse to comply with System Standards relating to the cleanliness or sanitation of Your Store, or you violate any health, safety or sanitation law, ordinance or regulation and, in any event, do not correct the failure or violation within 48 hours of our written notice or notice from a governmental agency regarding a violation;

(i) Understatements of Gross Revenue. You understate Your Store's Gross Revenue in any report or financial statement by an amount greater than two percent (2%);

(j) Failure to Make Payments. You or any of your Affiliates fail, after 10 days' prior written notice, to make payments, when due, of any amounts due to us or our Affiliates under this Agreement or any other agreement with us or our Affiliates, or fail to make payments, when due, of any amounts due to vendors, distributors, suppliers or landlords of the Store that relate to the Store's operation;

(k) Failure to Pay Taxes. You fail to pay any federal or state income, sales or other taxes due with respect to Your Store's operations unless you are in good faith contesting your liability for the taxes;

(l) Failure of Inspection. You fail to achieve a passing score reasonably established by us on two (2) consecutive announced or unannounced store inspections conducted by us or our agents;

(m) Other Breaches. You fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within 30 days following our written notice of the failure;

(n) Repeated Breaches. You fail on two (2) or more separate occasions within any period of 12 consecutive months or on three (3) occasions during the Term: (i) to submit when due reports or other data, information or supporting records; (ii) to pay when due the continuing fees or other payments due to us or our Affiliates; or (iii) to otherwise comply with this Agreement, whether or not the failures to comply are corrected after notice thereof is delivered to you;

(o) Financing Defaults. You default with respect to any of your obligations to us or any other lender under any financing provided to you in connection with this Franchise Agreement or a purchase of Your Store's assets;

(p) Default of any Other Agreement. You default in the performance or observance of any of your obligations under any other agreement with us or our Affiliates and do not correct the default within the cure periods, if any, provided under such agreements;

(q) Failure to Secure Store Premises. You fail to obtain our approval of and secure the Premises for Your Store within the six (6) month period described in Section 2.1 of this Agreement, if at the time of signing this Agreement we have not identified the Premises on Schedule 3 attached to this Agreement;

(r) Failure to Open Store by Start Date. You fail to open the Store by your Start Date, as described in Section 4.5 of this Agreement; or

(s) Possession or Use of Unauthorized Products. You possess or use unauthorized products at the Premises of Your Store, as specified periodically by us in the Operations Manual or otherwise.

13.2. Other Rights and Remedies. If you cure any default after the applicable cure period has expired, we still have the right to terminate this Agreement. In any event, our right to terminate this Agreement is in addition to whatever other rights and remedies are available to us. Without limiting the foregoing, we reserve the right to interrupt your product shipments or ordering privileges instead of or in addition to exercising our right to terminate this Agreement, or to require you to sign our then-current form of Franchise Agreement if we choose to rescind our termination of this Agreement. We also reserve the right (but not the obligation) to take actions necessary to cure the default at your sole expense and to establish reasonable conditions that you must satisfy to cure any default, such as requiring you to pay for a year of monthly Store inspections if you commit a default relating to Section 13.1(l).

13.3. Assumption of Management. If you abandon the operation of Your Store or if we are deciding whether to exercise our right to purchase Your Store as described in Section 14.2 below, we have the right, at our option, to enter the Premises and assume the management of Your Store for any period of time we deem appropriate. If we assume management of Your Store, we will appoint a manager who will maintain Store operations. All funds from the operation of Your Store during the period of management by our appointed manager will be kept in a separate fund, and all expenses of Your Store, including compensation, other costs, and travel and living expenses of our appointed manager, will be charged to such fund. As compensation for such management services, we will charge such fund ten percent (10%) of the Gross Revenue of Your Store during the period of our management. Operation of Your Store during any such period will be on your behalf, provided that we will have a duty only to utilize our good faith effort and will not be liable to you for any debts or obligations incurred by Your Store or to any of your creditors for any merchandise, materials, supplies or services purchased by Your Store during any period in which Your Store is managed by our appointed manager. You will maintain in force for Your Store all insurance policies required by this Agreement. Our right to assume management of Your Store pursuant to this Section is in addition to and does not affect our right to terminate this Agreement under Section 13.1.

14. **POST-TERM OBLIGATIONS**

14.1. Your Obligations. You agree that, on expiration or termination of this Agreement, you and, as applicable, the Restricted Persons, will do the following:

(a) Payment of Amounts Owed to Us and Others. Pay us within 15 days after the date of termination or expiration of this Agreement, or such later date as the amounts due to us are determined, all fees and other amounts you owe us or our Affiliates, including all interest due thereon.

(b) Discontinue Use of Marks.

(i) Immediately close Your Store for business to customers and cease to sell, directly or indirectly, any products or services of any kind and in any manner from the Premises and/or using the Marks, unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 14.2;

(ii) Not directly or indirectly at any time or in any manner (except with respect to other Stores owned and operated by you) identify yourself or any business as a

current or former Store, or as a franchisee, licensee or dealer of us or our Affiliates, use any Mark, any colorable imitation of a Mark or other indicia of a Store in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us or our Affiliates;

(iii) Deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, invoices and other materials containing any Mark or otherwise identifying or relating to a Store and allow us, without liability, to remove all such items from Your Store;

(iv) Take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(v) If we do not purchase Your Store as provided in Section 14.2, make the changes to the exterior and interior appearance of Your Store to distinguish the Trade Dress as are reasonably required by us;

(vi) Deliver all materials and supplies identified by the Marks in full cases or packages to us for credit and dispose of all other materials and supplies identified by the Marks within 30 days after the effective date of termination of this Agreement;

(vii) Notify the telephone company and all telephone directory publishers of the termination of your right to use any telephone and facsimile numbers and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer of those rights to us, or at our direction, our designee. You agree that, as between you and us, we have the right to and interest in all telephone and facsimile numbers and directory listings associated with any Mark. You authorize us and appoint us and any of our officers as your attorney in fact, to direct the telephone company and all telephone directory publishers to transfer any telephone and facsimile numbers and directory listings relating to Your Store to us, or our designee, should you fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of our exclusive rights in the telephone and facsimile numbers and directory listings and our authority to direct their transfer; and

(viii) Furnish us, within 30 days after the effective date of termination, with evidence satisfactory to us of your compliance with the obligations in this Section 14.1(b). If you fail to fulfill any of the obligations contained in this Section 14.1(b), we have the right, at our option, to perform such obligations at your expense.

(c) Discontinuance of Use of Confidential Information. Immediately cease to use any Confidential Information disclosed to you pursuant to this Agreement in any business or otherwise and you will return to us all copies of the Operations Manual and any other confidential materials which we have loaned to you.

(d) Compliance with Post-Term Covenants. Immediately comply with the post-term covenants described in Section 11.2 above.

14.2. Our Option to Purchase Your Store.

(a) Option to Purchase. On expiration or termination of this Agreement other than as a result of our default, we will have the right, at our option, exercisable by giving written notice

thereof within 60 days from the date of such termination or expiration, to acquire from you, free and clear of all liens or encumbrances, Your Store, your right to possess the Premises, any or all of the Approved Products, materials, and supplies that are in good and saleable condition and not obsolete or discontinued (the “**Inventory**”), and any or all of the equipment, furnishings, signs, and the other tangible assets of Your Store (collectively, with the Inventory, the “**Assets**”). We have the right to assign this option to purchase and our rights under this Section. We will be entitled to all customary warranties and representations in connection with our purchase, including representations and warranties as to ownership, condition of and title to the Assets, no liens and encumbrances on the Assets, and validity of contracts and agreements and liabilities benefiting us or affecting the Assets, contingent or otherwise.

(b) Purchase Price. The purchase price for the Assets will be the net realizable value of the tangible assets in accordance with the liquidation basis of accounting (not the value of Your Store as a going concern) (“**Liquidation Value**”). If you dispute the calculation of the Liquidation Value, the purchase price will be determined by one independent accredited appraiser designated by us who will calculate the purchase price applying the criteria specified above. We agree to select the appraiser within 15 days after we receive the financial and other information necessary to calculate the purchase price (if you and we have not agreed on the purchase price before then). You and we will share equally the appraiser’s fees and expenses. The appraiser must complete its calculation within 30 days after its appointment. The purchase price will be the appraiser’s determination of the Liquidation Value, applying the appropriate mechanism as described above. We will have the right to set off against and reduce the purchase price by any and all amounts owed by you to us or our Affiliates.

(c) Payment of Purchase Price. Closing of the purchase will take place on a date we select that is within 90 days after (1) your receipt of our notice of exercise of this option to purchase Your Store, or (2) the purchase price is determined as described in paragraph (b) above. The purchase price will be paid in cash at the closing of the purchase, at which time you will deliver instruments transferring to us good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances and with all sales and other transfer taxes paid by you, and with all licenses or permits of Your Store which may be assigned or transferred. If the closing of the purchase does not occur within the specified time period because you fail to act diligently in connection with the purchase, the purchase price will be reduced by ten percent (10%). The purchase price will be further reduced by ten percent (10%) per month for each subsequent month you fail to act diligently to consummate the purchase. Prior to closing, you and we will comply with the applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where Your Store is located.

(d) Lease of Premises. In connection with the purchase, you will also deliver to us an assignment of the Lease (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as your Lease). If you own the Premises of Your Store, you agree to lease the Premises to us pursuant to the terms of our standard lease.

(e) Interim Management. If we exercise the option to purchase Your Store, pending the closing of such purchase, we have the right to appoint a manager to maintain the operation of Your Store or, at our option, require you to close Your Store during such time period without removing any assets. If we appoint a manager to maintain the operation of Your Store pending closing of such purchase, we will have the right to manage Your Store under the same terms and conditions as described in Section 13.3.

(f) Termination of Franchise Agreement. Upon the closing of the purchase of the Assets and satisfaction by you of all of your obligations under this Agreement accruing through the closing, this Agreement will terminate.

14.3. Lost Revenue Damages. If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalty and marketing fees through the remainder of the Term. Therefore, you and we agree that a reasonable estimate of such damages, less any cost savings we might have experienced (the “**Lost Revenue Damages**”), is an amount equal to the net present value of the Royalty and marketing fees that would have become due had this Agreement not been terminated, from the date of termination to the earlier of: (a) five (5) years following the date of termination, or (b) the scheduled expiration of the Term (the “**Measurement Period**”). Lost Revenue Damages will be calculated as follows: (1) the number of calendar months in the Measurement Period, multiplied by (2) the aggregate of the Royalty and marketing fee percentages, multiplied by (3) the average monthly Gross Revenue of Your Store during the 12 full calendar months immediately preceding the termination date; provided, that if as of the termination date, Your Store has not been operating for at least 12 months, the average monthly Gross Revenue of all Stores operating under the same Marks during the entirety of our fiscal year immediately preceding the termination date. You agree to pay us Lost Revenue Damages, as calculated in accordance with this Section, within 15 days after this Agreement expires or is terminated, or on any later date that we determine. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

14.4. Continuing Obligations. All obligations which expressly or by their nature survive the termination or expiration of this Agreement will continue in full force and effect subsequent to and notwithstanding termination or expiration and until they are satisfied in full or by their nature expire.

15. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**

15.1. Independent Contractors. This Agreement does not create a fiduciary relationship between us and you. We and you are independent contractors and nothing in this Agreement is intended to make either of us a general or special agent, joint venturer, partner or employee of the other for any purpose. You will conspicuously identify yourself in all dealings as the owner of Your Store under a franchise granted by us and will place such other notices of independent ownership on the forms, business cards, stationery, marketing and other materials as we have the right to require from time to time. You agree not to use the Marks or otherwise engage in any conduct which might, in any way, indicate (a) to your employees or anyone else that you are our agent or (b) that might otherwise result in our direct or indirect liability for any of your indebtedness or obligations. You acknowledge that we are in the business of franchising and licensing systems and trademarks for the delivery of goods and services, and we are not in the same business as you are.

15.2. Our Approval and Enforcement. You have the sole right and responsibility for the manner and means by which the day-to-day operation of Your Store is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us, this right and responsibility includes the employment, supervision, setting the conditions of employment and discharge for your employees at Your Store, daily maintenance, safety concerns, and the achievement of conformity with the System Standards. Our retention and exercise of the right to approve certain matters, to inspect Your Store and its operation and to enforce our rights, exists only to the extent we believe necessary to protect our and our Affiliates’ interest in the System and the Marks. Neither the

retention nor the exercise is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to you, nor shall they be construed to do so.

15.3. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you or your assets or upon us, arising in connection with your sales or the business conducted by you pursuant to this Agreement, except for taxes that we are required by law to collect from you with respect to purchases from us and except for our own income taxes. Payment of all such taxes will be your responsibility.

15.4. Indemnification. You agree to indemnify, defend, and hold harmless us, our Affiliates, and our and their respective owners, directors, managers, officers, employees, agents, successors, and assignees (the “**Indemnified Parties**”) against, and to reimburse the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of Your Store, the business you conduct under this Agreement, product liabilities claims or defective manufacturing of Approved Products by you, or your breach of this Agreement, including those alleged to be caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party’s intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, “**claims**” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section.

15.5. Waiver of Claims. You waive all claims against us for damages to property or injuries to persons arising out of the operation of Your Store.

16. **SECURITY AGREEMENT**

16.1. Security Interest. As security for the performance of your obligations under this Agreement, including payments owed to us or our Affiliates for your purchases, you hereby collaterally assign to us the Lease and grant us a security interest in all of the assets used in or associated with the operation of Your Store, including inventory, accounts, supplies, contracts, cash derived from the operation of Your Store and sale of other assets, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. If a third-party lender requires that we subordinate our security interest in the assets of Your Store as a condition to lending you working capital for the construction or operation of Your Store, we will agree to subordinate pursuant to terms and conditions determined by us. This Agreement will be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and state that we deem appropriate to protect our interests.

17. DISPUTE RESOLUTION

17.1. Injunctive Relief. Nothing in this Agreement, including the provisions of Section 17.8, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

17.2. Rights of Parties Are Cumulative. Our and your rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement which it is entitled by law or this Agreement to exercise or enforce.

17.3. Costs and Attorneys' Fees. The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation. If we incur expenses in connection with your failure to pay when due amounts owing to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, including court costs, legal and accounting fees, you will reimburse us for any such costs and expenses which we incur.

17.4. Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state in which our corporate headquarters are then located (currently, Colorado), without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

17.5. Consent to Jurisdiction. Subject to the obligation to arbitrate under Section 17.8 below, you and the Restricted Persons agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to our then-current principal place of business (currently Broomfield, Colorado), and you (and each Restricted Person) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

17.6. Waiver of Punitive Damages and Jury Trial. Except for your obligation to indemnify us for third-party claims under Section 15.4, we and you (and the Restricted Persons) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. **WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.**

17.7. Limitation of Claims; Waiver of Class Action. Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced in accordance with this Agreement within one (1) year from the date on which the party

asserting the claim knew or should have known of the facts giving rise to the claims. We and you agree that any proceeding will be conducted on an individual basis and that any proceeding between us and any of our Affiliates, or our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other proceeding, (iii) joined with any claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

17.8. Arbitration. We and you agree that all controversies, disputes, or claims between us or our Affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you and your Affiliates, and your and their owners, officers, directors, agents and employees, on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 17.8, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the American Arbitration Association's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor's or assigns, then current principal place of business (currently, Broomfield, Colorado). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and any of our Affiliates, or our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with

respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

In any arbitration each side may take no more than three depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of 15 hours, and each deposition shall be limited to 5 hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories.

The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

18. GENERAL PROVISIONS

18.1. Severability. Each article, section, paragraph, term and provision of this Agreement will be considered severable and if, for any reason, any provision of this Agreement is held to be invalid, contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, and such other portions will continue to be given full force and effect and bind the parties, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt of a notice of non-enforcement thereof from us.

18.2. Rights Provided by Law. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions of this Agreement, and we will have the right to modify the invalid or unenforceable provision to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give

them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

18.3. Waivers by Either of Us. Either we or you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice of waiver to the other or such other effective date stated in the notice of waiver. Any waiver granted by us will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked by us at any time and for any reason, effective upon delivery to you of 10 days' prior written notice.

18.4. Certain Acts Not to Constitute Waivers. Neither we nor you will be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Stores or franchise agreements; or (iii) our acceptance of any payments due from you after any breach of this Agreement.

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

(a) Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

(b) Our Reasonable Business Judgment. Whenever we reserve or are deemed to have reserved discretion in a particular area or where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of us. Neither you nor any third party (including a trier of fact), shall substitute its judgment for our reasonable business judgment.

(c) Construction. The preambles and exhibits are a part of this Agreement, which together with this Agreement constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or Your Store (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnish to you. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as expressly stated, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement. If two or more persons are

at any time the owners of the Franchise and Your Store, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The term “Your Store” includes all of the assets of the Store you operate under this Agreement, including its revenue and the Lease. Unless indicated otherwise, the term “including” means “including, without limitation.”

18.6. Notice of Our Potential Profit. We and/or our Affiliates have the right from time to time to make available to you goods, products and/or services for use in Your Store on the sale of which we and/or our Affiliates may make a profit. We and/or our Affiliates have the right from time to time to receive consideration from suppliers, distributors and/or manufacturers related (directly or indirectly) to sales of goods, products or services to you, the promotion of goods, products or services by the System or in consideration of services rendered or rights licensed to such persons. We and/or our Affiliates shall be entitled to use or not use any such profits and/or consideration for any purpose.

18.7. Binding Effect. Subject to the restrictions on Transfers contained in this Agreement, this Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest and will not be modified except by written agreement signed by both you and us.

18.8. Execution. This Agreement may be executed in counterparts which, when taken together, will constitute a single instrument. Signatures transmitted by fax or scanned and emailed will be given the full force and effect of originals.

18.9. Notices and Payments. All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered at the time delivered by hand; one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by registered or certified mail, return receipt requested, postage prepaid, and will be addressed to the parties at the addresses set forth on the first page of this Agreement or to such other address as a party may specify in a written notice to the other party; provided, however, that any notice we provide to you may be addressed to your attention at Your Store. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates shown below and made effective as of the Effective Date.

TCBY SYSTEMS, LLC

FRANCHISEE: _____

By: _____
Name: _____
Title: _____
Date*: _____

By: _____
Name: _____
Title (if applicable): _____
Date: _____

(*This is the Effective Date)

SCHEDULE 1

**OWNERSHIP ADDENDUM TO TCBY SYSTEMS, LLC
FRANCHISE AGREEMENT**

1. Form of Owner.

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name unless indicated in the following: _____.

2. **Owners.** The following lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name	Type / Percentage of Interest
_____	_____ %
_____	_____ %
_____	_____ %

TCBY SYSTEMS, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE: _____

By: _____
Name: _____
Title (if applicable): _____
Date: _____

SCHEDULE 2
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20__, by each of the undersigned.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time to time, the “Agreement”) on this date by **TCBY SYSTEMS, LLC** (“us”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ (“Franchise Owner”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchise Owner and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchise Owner fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchise Owner or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, the undersigned shall present updated financial information to us as reasonably necessary to demonstrate his or her ability to satisfy the financial obligations of Franchise Owner under the Agreement.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchise Owner arising as a result of the undersigned’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If the undersigned guarantor is not an individual, it agrees that it will make no distributions to any persons at any time Franchise Owner is subject to an uncured notice of default.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned’s spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 17 (*Dispute Resolution*) of the Agreement, including Section 17.3 (*Costs and Attorneys’ Fees*), Section 17.5 (*Consent to Jurisdiction*), and Section 17.8 (*Arbitration*) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the undersigned and us. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

By signing below, the undersigned spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

GUARANTOR(S)	SPOUSE(S)
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____

SCHEDULE 3

**TO TCBY SYSTEMS, LLC FRANCHISE AGREEMENT
STORE PREMISES; START DATE**

If at the time of signing this Agreement you have obtained our approval of and secured the Premises for Your Store, the Premises for Your Store and your applicable Start Date are identified below. However, if at the time of signing this Agreement you have not obtained our approval of and secured the Premises for Your Store, we and you will sign an Alternative Schedule 3 identifying the Premises of Your Store and your applicable Start Date, assuming you obtain our approval of and secure the Premises for Your Store within the applicable 6-month period described in Section 2.1 of this Agreement.

1. Premises. You and we agree that Your Store will be located at and only at the following Premises: _____

2. Start Date. You and we agree that the following is the Start Date described in Section 4.5 of the Franchise Agreement: _____

TCBY SYSTEMS, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE: _____

By: _____
Name: _____
Title (if applicable): _____
Date: _____

ALTERNATIVE SCHEDULE 3

**TO TCBY SYSTEMS, LLC FRANCHISE AGREEMENT
STORE PREMISES; START DATE**

This Schedule, with a date of _____, 20__, is attached to and is an integral part of the TCBY SYSTEMS, LLC Franchise Agreement between you and us with a date of _____, 20__ (the “**Franchise Agreement**”).

1. Premises. You and we agree that Your Store will be located at and only at the following Premises: _____

2. Start Date. You and we agree that the following is the Start Date described in Section 4.5 of the Franchise Agreement: _____

3. Defined Terms. All capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as provided in the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Exhibit on the day and year first written above.

TCBY SYSTEMS, LLC

FRANCHISEE: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title (if applicable): _____
Date: _____

EXHIBIT C

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EXHIBIT D

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER (the “**Agreement**”) is made as of the Effective Date by and between **TCBY SYSTEMS, LLC** (“**we**” or “**us**”), _____, a corporation/limited liability company whose address is _____ (“**Assignor**”), _____, an individual and primary owner of Assignor (“**Assignor Owner**”), _____, a corporation/limited liability company whose address is _____ (“**Assignee**”), and _____, an individual and primary owner of Assignee (“**Assignee Owner**”). Together, Assignor, Assignor Owner, Assignee, and Assignee Owner are sometimes referred to in this Agreement, collectively, as the “**Franchisee Parties.**” The “**Effective Date**” is the date on which we sign this Agreement as shown beneath our signature on the signature page of this Agreement.

RECITALS

A. We and Assignor are parties to that certain franchise agreement dated _____ (the “**Franchise Agreement**”), pursuant to which Assignor holds the right to own and operate a TCBY-branded store located at _____, using the TCBY trademarks and systems (the “**Store**”).

B. Assignor intends to sell to Assignee, and Assignee intends to purchase, the assets of the Store and the Lease for the Store Premises (collectively, the “**Transfer**”). Assignor and Assignee expect to consummate the Transfer on _____ (the “**Expected Closing Date**”). The date that Assignor and Assignee actually consummate the Transfer shall be deemed the “**Closing Date.**”

C. Under the Franchise Agreement, we have a right of first refusal with respect to the proposed Transfer, and the proposed Transfer requires our prior consent. The Franchisee Parties have requested we waive our right of first refusal and to consent to the Transfer and we are willing to do so on the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined in this Agreement have the meanings given to them in the Franchise Agreement.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, the covenants set forth herein and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Consent to Transfer and Waivers.** By executing this Agreement and subject to the terms and conditions contained herein, we consent to the Transfer and waive our right of first refusal with respect to the Transfer. The waiver contained in this paragraph applies solely to the Transfer as described in this Agreement. We reserve all rights with respect to any subsequent transfer to which rights would apply under the Franchise Agreement or the Assignee Franchise Agreement (defined below). We reserve the right to withdraw our consent to the Transfer and terminate this Agreement if the Transfer is not consummated on or before the Expected Closing Date.

2. **Transfer Fee.** Assignor shall pay us, on its execution of this Agreement, a transfer fee in the amount of \$_____. The transfer fee is fully earned by us and is non-refundable.

3. **Assignment.** The Franchisee Parties, jointly and severally, represent to us that prior to or concurrently with the Closing Date, Assignor will transfer to Assignee, and Assignee will accept (1) all right, title and interest in and to the assets used in the operation of the Store, and (2) the assignment of the

Lease of the premises from which the Store is operated. Assignor and Assignee shall provide us with written notice that the Transfer has been consummated and the Closing Date thereof.

4. **Assignee Franchise Agreement.** Assignee shall, concurrently with or prior to the Closing Date, execute our current form of franchise agreement and related agreements (collectively, the “**Assignee Franchise Agreement**”) which will govern Assignee’s operation of the Store from and after the Closing Date.

5. **Ownership of Assignee.** Assignee and Assignee Owner represent and warrant to us that Assignee is a [corporation / limited liability company], that it was formed and is in good standing under the laws of the State of _____, and that, as of the Effective Date, Assignee Owner is the sole owner of Assignee.

6. **Termination of Franchise Agreement and Acknowledgments and Post-Transfer Obligations.** We and Assignor acknowledge and agree that the Franchise Agreement is terminated as of the Closing Date. Assignor acknowledges and agrees that (a) Assignor is not in default of any terms of the Franchise Agreement; (b) the Transfer does not affect Assignor’s obligations that arose or accrued prior to the Closing Date; and (c) the Transfer does not affect or release Assignor from any obligations that, as provided in the Franchise Agreement or its related guaranties, survive the Transfer, including their post-termination non-compete obligations, their obligation to discontinue using the marks, their indemnification obligations, and any other post-termination obligations that appear in the Franchise Agreement.

7. **Release.** The Franchisee Parties, for themselves and for their respective agents, spouses, heirs, principals, attorneys, solicitors, employees, representatives, successors, and assigns (collectively, the “**Releasing Parties**”), do hereby absolutely and irrevocably release and discharge us and our parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the “**Released Parties**”), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, “**Claims**”), whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had or may have, from the beginning of time to the Effective Date, including, without limitation, those arising out of or relating in any way to the Franchise Agreement, the relationships created by the Franchise Agreement, or the development, ownership, or operation of the Store, or any other agreements entered into between us and them. The Releasing Parties further covenant not to sue any of the Released Parties on any of the Claims released by this Section 7, and warrant and represent that they have not assigned or otherwise transferred any Claims released by this Section 7.

If the franchise operated under the Franchise Agreement is located in California or if any of the Franchisee Parties are residents of California, the following shall apply:

Section 1542 Acknowledgment. It is the Franchisee Parties’ intention, on their own behalf and on behalf of the Releasing Parties, in executing this release that this Section 7 be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released by Assignor, Assignee and Owners or the Releasing Parties. The Franchisee Parties recognize that they or the Releasing Parties may have some claim, demand, or cause of action against the Released Parties of which he, she, or it is totally unaware and unsuspecting, which he, she, or it is giving up by executing this release. It is the Franchisee Parties’ intention, on their own behalf and on behalf of the Releasing Parties, in executing this instrument that it will deprive him, her, or it of each such claim, demand, or cause of action and prevent him, her, or it from asserting it against the Released Parties. In furtherance of this intention, the Franchisee Parties,

on their own behalf and on behalf of the Releasing Parties, expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

The Franchisee Parties acknowledge and represent that they have consulted with legal counsel before executing this release and that they understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

If the franchise is located in Maryland or if any Franchisee Party is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. **Acknowledgment.** Assignor, Assignee and Owners acknowledge and agree that, except for granting our consent and waiving our right of first refusal, we have not participated in the proposed assignments of the Franchise Agreement or sale of the Store. They have each, without our involvement, assumed sole and full responsibility for making the final decision to complete the Transfer, and each has consulted or has had the opportunity to consult with their own legal and financial advisors with respect to the Transfer

9. **Additional Documents.** The Franchisee Parties agree to execute such additional documents as may be necessary to complete the Transfer, including the Assignee Franchise Agreement and any amendment thereto.

10. **Execution of General Release.** Without limiting the generality of Section 9 of this Agreement (*Additional Documents*), immediately after the Closing Date, the Franchisee Parties will execute and deliver to us the form of general release attached hereto as **Exhibit A.**

11. **Dispute Resolution.** This Agreement will be construed and enforced in accordance with, and is governed by, the laws of the state of Colorado and any disputes arising hereunder shall be resolved pursuant to the Dispute Resolution section(s) of the Franchise Agreement. Each party hereby irrevocably submits to, and waives any objection it might have to, jurisdiction of and venue in the courts of general jurisdiction nearest to our current place of business (currently, Broomfield, Colorado).

12. **Miscellaneous Provisions.** This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via email, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. Photocopies of signatures, and signatures transmitted electronically (including by fax or email) will have the full force and effect of originals.

IN WITNESS WHEREOF, the parties have signed this Agreement on the dates shown below and made effective as of the Effective Date.

TCBY SYSTEMS, LLC

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

ASSIGNOR

By: _____
Name: _____
Title: _____
Date: _____

ASSIGNOR OWNER

By: _____
Name: _____

ASSIGNEE

By: _____
Name: _____
Title: _____
Date: _____

ASSIGNEE OWNER

By: _____
Name: _____

EXHIBIT A

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

TCBY SYSTEMS, LLC (“we,” “us,” or “our”) and the undersigned parties (collectively, “you” or “your”), are parties to a certain Agreement and Conditional Consent to Transfer dated _____, 20__ (the “Consent to Transfer”), pursuant to which we have granted our consent to the transfer of certain assets used in the operation of a TCBY franchise previously governed by that certain Franchise Agreement (the “Franchise Agreement”) dated _____, between us and the undersigned [*Name of Former Franchisee*]. We have the right under the Consent to Transfer to obtain a general release from you as a condition of our consent to the transfer identified therein. You are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to grant such consent.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, owners, directors, managers, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our affiliates, and our and their current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Franchisor Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties, including without limitation, Claims (1) arising out of or related to the Franchisor Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

If the franchise operated under the Franchise Agreement is located in California or if any of the signatories below are residents of California, the following shall apply:

Section 1542 Acknowledgment. It is your intention, on your own behalf and on behalf of the Releasing Parties, in executing this document that this release be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released by you or the Releasing Parties. You recognize that you or the Releasing Parties may have some claim, demand, or cause of action against the Released Parties of which you, he, she, or it is totally unaware and unsuspecting, which you, he, she, or it is giving up by executing this release. It is your intention, on your own behalf and on behalf of the Releasing Parties, in executing this instrument that it will deprive you, him, her, or it of each such claim, demand, or cause of action and prevent you, him, her, or it from asserting it against the Released Parties. In furtherance of this intention, you, on your own behalf and on behalf of the Releasing Parties, expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

You acknowledge and represent that you have consulted with legal counsel before executing this release and that you understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

If the franchise is located in Maryland or if any of the signatories below is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Sign: _____ Sign: _____

Name (printed): _____ Name (printed): _____

Date: _____ Date: _____

EXHIBIT E

LISTS OF CURRENT AND FORMER FRANCHISEES

CURRENT TCBY FRANCHISEES

Franchisee Name	Address	City	State	Phone Number
Ryan Schoonover	300 N Dean Rd	Auburn	Alabama	(334) 826-8828
John Howard	1919 28th Ave S	Birmingham	Alabama	(205) 870-8229
John Ploen	1301 Gulf Shores Pkwy	Gulf Shores	Alabama	(251) 968-8229
Charles Tiller	2 McFarland Blvd	Northport	Alabama	(205) 758-6855
Charles Tiller	2304 McFarland Blvd E	Tuscaloosa	Alabama	(205) 349-4661
Chris French	800 East Dimond Ctr	Anchorage	Alaska	(907) 522-2560
Jeffrey Thiessen	189 Allen Rd	Centerton	Arkansas	(000) 000-0000
Rachael Holman	3900 Dave Ward Dr	Conway	Arkansas	(501) 327-0909
Don Weir	1313 Hwy 62 65 N	Harrison	Arkansas	(870) 741-9554
Donald Weir	11418 W Markham St	Little Rock	Arkansas	(501) 221-9020
Elly Rumbach	2600 Lakewood Village Pl	North Little Rock	Arkansas	(501) 753-5572
Jeffrey Thiessen	2005 Promenade Pointe Blvd	Rogers	Arkansas	(479) 636-8229
Ravinder S. Grewal MGR: Nono	72363 Baker Blvd	Baker	California	(760) 733-4505
Gulam Nabi	2701 Ming Ave	Bakersfield	California	(661) 832-8166
Ravi Kumaraswamy	112 Great Mall Dr	Milpitas	California	(408) 649-3258
Mehrad Lashkari Nejad	9301 Tampa Ave	Northridge	California	(818) 407-0404
Cherie Coulter-Weith	72840 Highway 111	Palm Desert	California	(760) 346-4598
Kevin Lum	1028 Stoneridge Mall A	Pleasanton	California	(925) 463-9622
Renee- Manager	1151 Galleria Blvd Spc	Roseville	California	(916) 878-5418
Jong Sohn I MGR: Suzy	4950 Pacific Ave	Stockton	California	(209) 474-3466
Jagwinder K. Kahlon	3201 W Benjamin Holt Dr	Stockton	California	(209) 952-8873
Mandeep Gurm	5308 Pacific Ave	Stockton	California	(209) 951-2524
Yui Man Mak	603 Plaza Dr	West Covina	California	(626) 960-7011
Claire Aquino	2066 Westminster Mall	Westminster	California	(714) 333-6636
Jennifer Brynteson	100 W Troutman	Fort Collins	Colorado	(970) 223-4851
Tim and Jennifer Brynteson Shannon	4530 Center Place Dr	Greeley	Colorado	(970) 673-8193
Jeffrey Roberts	9645 Washington St	Thornton	Colorado	(720) 872-6459
Abdul Mannan	1531 Christiana Mall	Newark	Delaware	(302) 283-1346
Steven Bracken	2720 S Dixie Hwy	Miami	Florida	(305) 441-2613
Thompson Sunderaj	14543 SW 5th St	Pembroke Pines	Florida	(954) 432-5900
David Schmidli	967 State Rd 16	Saint Augustine	Florida	(904) 217-8375
Nasim Jina	4920 Roswell Rd NW	Atlanta	Georgia	(404) 252-7437
Zahid Rashid	110 Shope Lake Rd	Calhoun	Georgia	(706) 659-7061
Mohammad Malik	807 West Ave	Cartersville	Georgia	(770) 334-2151
Michael P Murtaugh	532 Crosstown Dr	Peachtree City	Georgia	(770) 631-9803
Bipin Patel	1700 Norman Dr	Valdosta	Georgia	(229) 293-0093
Dave Niblett	1800 N Locust Grove	Meridian	Idaho	(208) 884-8366
Jesse G & Diana Mallard Ellen	1630 South Eagle Rd	Meridian	Idaho	(208) 898-1482

Franchisee Name	Address	City	State	Phone Number
MGR				
Jesse G & Diana Mallard MGR: Glen	390 American Legion Blvd	Mountain Home	Idaho	(208) 587-9048
Lisa Hardt	1395 Butterfield Rd	Aurora	Illinois	(630) 851-5585
Lomesh Amin	1650 Premium Outlets Rd	Aurora	Illinois	(630) 898-9909
Todd Thorstenson	1731 W Kirby Ave	Champaign	Illinois	(217) 607-5090
Host Marriott-Airport	Circular Bldg #6 O'Hare Field	Chicago	Illinois	(312) 686-6124
Lomesh Amin	32 E Randolph St	Chicago	Illinois	(312) 629-1001
Mubarak Amine	444 Chicago Ridge Mall Dr	Chicago Ridge	Illinois	(708) 422-0123
Consuelo Ibanez	1700 N State Rd Rte 31	Elgin	Illinois	(847) 741-5784
Gina Cooper-Nichols	1166 E State St	Geneva	Illinois	(630) 845-9300
Armillio Lopez	149 E Ogden Ave	Hinsdale	Illinois	(630) 455-5841
Marge Boulanger	3340 Mall Loop	Joilet	Illinois	(815) 577-1005
Kariyamal Rengalwar	2940 Showplace Dr 100	Naperville	Illinois	(630) 961-8229
Peter Mario Spina	1503 N Aurora Rd	Naperville	Illinois	(630) 995-3243
Marge (Dakota) and Scot Boulanger	2356 E Lincoln Hwy	New Lenox	Illinois	(815) 687-8229
Marge Boulanger	2356 E Lincoln Hwy	New Lenox	Illinois	(815) 687-8229
Lomesh Amin	7501 W Cermak Rd	North Riverside	Illinois	(708) 447-5938
Lomesh B Amin	100 Oakbrook Center 30	Oak Brook	Illinois	(630) 368-1002
Jim Sheets	6760 West 95th St	Oak Lawn	Illinois	(708) 233-9000
Vyomesh Desai	2840 Route 34	Oswego	Illinois	(630) 554-6443
Mario Spina	1400 W Algonquin Rd	Palatine	Illinois	(847) 907-9479
Khalid Mohammed	2200 W War Memorial Dr	Peoria	Illinois	(309) 682-4901
Marvin (Cheryl) Hufford	1735 State St	Quincy	Illinois	(217) 228-2292
Victor (Tom) Howard	930 Brook Forest Ave	Shorewood	Illinois	(815) 577-8229
David Thakkar	4999 Old Orchard Center	Skokie	Illinois	(847) 708-3849
Tina Wilson	25W420 Geneva Rd	Wheaton	Illinois	(630) 462-1300
Colleen (Sheila-mgr) & Brad Pushic	6300 Kingery Highway	Willowbrook	Illinois	(630) 920-8229
Bud (Ann) Dimaggio	425 US Route 30	Dyer	Indiana	(219) 865-2240
Gabe- Call the owner Keri	6422 E State Blvd	Fort Wayne	Indiana	(260) 493-2795
Jeff Sheets	2216 Southlake Mall	Merrillville	Indiana	(219) 738-2921
Jeff Sheets	2216 Southlake Mall	Merrillville	Indiana	(219) 738-2921
Ryan Jung	208 E Broadway	Council Bluffs	Iowa	(712) 322-4114
Craig and Holly Schwartz	70488 Hwy 21	Covington	Louisiana	(985) 892-9000
Kami Bland	394 Sam Houston Jones Pkwy	Lake Charles	Louisiana	(337) 905-2121
Craig & Holly Schwartz	1680 Highway 59	Mandeville	Louisiana	(985) 626-4770
John Ploen	701 Metairie Rd	Metairie	Louisiana	(504) 835-2983
Cindy Rogers	1704 East Bert Kouns Loop Industrial Dr	Shreveport	Louisiana	(318) 797-8229

Franchisee Name	Address	City	State	Phone Number
John Ploen	1736 Gause Blvd East	Slidell	Louisiana	(985) 288-0340
Dennis (call Tonya) McGrath	9400 Snowden River Pkwy	Columbia	Maryland	(410) 995-6140
Dennis McGrath	2080 York Rd	Timonium	Maryland	(410) 252-9554
Brian Coury	17045 Kercheval Ave	Grosse Pointe	Michigan	(313) 885-0384
Brian Coury	20385 Mack Ave	Grosse Pointe Woods	Michigan	(313) 881-5608
Rosalyn Karp	3468 Henry St	Muskegon	Michigan	(231) 733-2110
Amy Sook Kim	1421 N Rochester Rd	Rochester Hills	Michigan	(248) 650-2161
Karissa Canfield	22729 Pontiac Trail	South Lyon	Michigan	(248) 278-6202
Narinder Kaur	1206 Luckney Rd	Flowood	Mississippi	(769) 243-7143
William Carmichael	Macs Mini Mart	Laurel	Mississippi	(601) 425-5900
Clay Swindle	5070 Goodman Rd	Olive Branch	Mississippi	(662) 420-7823
Brent MGR Angela Smith	501 Bramlett Blvd	Oxford	Mississippi	(662) 234-7221
James McNutt	5922 Highway 19	Cuba	Missouri	(573) 885-3229
Michael Jonasen MGR: Melissa	216 Westview Plaza	Mc Cook	Nebraska	(308) 345-2322
Angela Greisen	14615 W Maple Rd	Omaha	Nebraska	(402) 496-3981
Gulam Nabi	1300 W Sunset Rd	Henderson	Nevada	(702) 547-6196
JoJo Cunanan	South Gate 5795 Paradise Rd. Terminal D	Las Vegas	Nevada	(702) 837-8654
Host Marriott Dbe	5795 Paradise Rd. Terminal B	Las Vegas	Nevada	(702) 798-3303
David Guido	31900 Las Vegas Blvd South	Primm Valley	Nevada	(702) 679-6680
Hesham El-Dewak	1053 Broadway	Bayonne	New Jersey	(201) 354-9272
Nicole Gilchrist	230 N Maple Ave	Marlton	New Jersey	(856) 983-8229
Jacob Geffner	204 W Englewood Ave	Teaneck	New Jersey	(201) 862-0800
Irma May	Williams & Frenger St	Las Cruces	New Mexico	(505) 646-4001
Curtis Williamson	2812 Sudderth Dr	Ruidoso	New Mexico	(575) 257-7822
Tejraj (Call Fred) Hada	1512 Western Ave	Albany	New York	(518) 456-8229
K.O. YOGURT (Theresa) INC	1955 Jericho Tpke	East Northport	New York	(631) 499-1007
Patrick Bruno	158 7th St	Garden City	New York	(516) 741-5132
Todd Whiting	653 Sunrise Highway	Lynbrook	New York	(516) 596-1994
Mahendar Patel	1751 East Main St	Mohegan Lake	New York	(914) 528-1111
Louis Brienza	10 Washington Ave Plaza	Plainview	New York	(516) 942-8229
Jui Trivedi	665 Route 318 A025B	Waterloo	New York	(315) 539-2700
Host Marriott-Airport	5501 Josh Birmingham Pkwy Concourse C	Charlotte	North Carolina	(704) 359-4469
Samuel Batt	7731 Colony Rd	Charlotte	North Carolina	(704) 341-2000
Samuel Batt	9864 Rea Rd	Charlotte	North Carolina	(704) 341-2002
Samuel Batt	2823 Selwyn Ave	Charlotte	North Carolina	(704) 522-7223
Samuel Batt	8502 Park Rd	Charlotte	North Carolina	(704) 556-5955
Samuel Batt	14835 Ballantyne Village way	Charlotte	North Carolina	(704) 541-0230
Samuel Batt	9804 Sandy Rock Place	Charlotte	North Carolina	(760) 246-7180

Franchisee Name	Address	City	State	Phone Number
Samuel Batt	14318 Rivergate Pkwy	Charlotte	North Carolina	(704) 583-6199
Samuel Batt	16916 Birkdale Commons Pkwy	Huntersville	North Carolina	(704) 987-2262
Sam Batt	9334 Rose Commons Dr	Huntersville	North Carolina	(704) 947-9700
Samuel Batt	208 Morganton Blvd	Lenoir	North Carolina	(828) 754-9685
Samuel Batt	3116 Weddington Rd	Matthews	North Carolina	(704) 847-0444
William Juno	1408 Edgewood Dr	Mt. Airy	North Carolina	(336) 789-0800
William Juno	701 W Pine St	Mt. Airy	North Carolina	(336) 789-0900
Anju Sethi	4325 Glenwood Ave,	Raleigh	North Carolina	(919)783-5702
Sam Batt	8133 Kensington Dr	Waxhaw	North Carolina	(704) 843-5359
Samuel Batt	3804 Oleander Dr	Wilmington	North Carolina	(910) 794-5663
Tim(Quincy) Wonnensburg	2921 N 11th St	Bismarck	North Dakota	(701) 223-0609
Douglas (Steven-mgr) Wonnensburg	808 20th St SW	Jamestown	North Dakota	(701) 252-3363
Vijay Siripurapu	948 Eastwood Mall	Niles	Ohio	(330) 652-6841
Ron Barbe	407 McKean Ave	Charleroi	Pennsylvania	(724) 483-9495
Dhrupti Patel	200 Monroeville Mall A10	Monroeville	Pennsylvania	(412) 372-6227
Sam Batt	2 Windermere Blvd	Charleston	South Carolina	(843) 769-8222
Sam Batt	520 Folly Rd	Charleston	South Carolina	(843) 793-4555
Samuel Batt	1390 Tiger Blvd	Clemson	South Carolina	(864) 654-3030
Samuel Batt	940 Market St	Fort Mill	South Carolina	(803) 548-6019
Karen Deaton	7 Brendan Way	Greenville	South Carolina	(864) 297-5683
Sam Batt	1332 Theater Dr	Mount Pleasant	South Carolina	(843) 884-8224
Sam Batt	644 Long Point Rd	Mount Pleasant	South Carolina	(843) 654-9040
Sam Batt	1440 Ben Sawyer Blvd	Mount Pleasant	South Carolina	(843) 972-8000
Sam Batt	9514 Dorchester Rd	North Charleston	South Carolina	(843) 871-9955
Sam Batt	5060 International Blvd	North Charleston	South Carolina	(843) 740-9099
Corinne Kane	214 Azalea Square Blvd	Summerville	South Carolina	(843) 821-1591
Charles Hodge	2000 W Liberty St	Sumter	South Carolina	(803) 934-0708
Melvin Lane	Loneco Express #1 Exit 38 & I-95 Hwy	Yemassee	South Carolina	(843) 589-4010
Gregory Lane	Laneco Express #111	Yemassee	South Carolina	(843) 726-4954
Traci Sanchez	7990 US Hwy 64 STE 108	Barlett	Tennessee	(901) 383-7994
Mark Vance	408 Pinnacle Pkwy	Bristol	Tennessee	(423) 573-8229
Scotty Donna manager Long	1370 Tusculum Blvd	Greeneville	Tennessee	(423) 638-7674
Dale & Leslie Self	1229 North Eastman Rd	Kingsport	Tennessee	(423) 246-2266
Randy (Jim- GM) Carruthers	7406 Strawberry Plains Pike	Knoxville	Tennessee	(865) 933-2251
Charles (Jackie- Mgr) Carruthers	1104 Hwy 321 N	Lenoir City	Tennessee	(865) 986-5110
Ron & Michelle Rye	5134 Poplar Ave	Memphis	Tennessee	(901) 761-4126
Scotty Long	2330 Sandstone Dr	Morristown	Tennessee	(423) 587-6212
Charles Carruthers	404 E Emory Rd	Powell	Tennessee	(865) 947-0338

Franchisee Name	Address	City	State	Phone Number
Michael P Trub	303 W Martin L King Jr Blvd	Austin	Texas	(512) 320-8229
Brandon Hopkins herbert Grebe	5701 W Slaughter Lane	Austin	Texas	(512) 505-8229
Doug Sanders	6402 East Mockingbird Lane	Dallas	Texas	(214) 821-5757
Brandon Hopkins	1025 Cannon Dr	Dripping Springs	Texas	(512) 894-2136
Lorena Jordan	123 West Mills Ave	El Paso	Texas	(915) 533-8826
Abdul Awan	5884 San Felipe St	Houston	Texas	(832) 742-5555
Eugene Ning	303 Memorial City Mall	Houston	Texas	(832) 358-3447
Alkesh (AJ) Jariwala	370 West Las Colinas Blvd	Irving	Texas	(214) 614-8958
Ali (Ryan Willoughby-Mgr) Samadi	709 W Santa Gertrudis Ave	Kingsville	Texas	(361) 592-6200
Christopher Rodriguez	5920 Broadway St	San Antonio	Texas	(210) 824-8229
Assem Zaitoun	2511 Richmond Rd	Texarkana	Texas	(903) 838-0771
William Ramsey	4775 W Panther Creek Dr	Woodlands	Texas	(281) 419-8053
Richard (Chan)	2274 S 1300 E	Salt Lake City	Utah	(801) 708-7005
Robert H Adams	13901 US Hwy 29	Chatham	Virginia	(434) 432-1544
David Cockerham	1115 E Stuart Dr	Galax	Virginia	(276) 236-3036
Brant Robertson	1069 River View St	Grundy	Virginia	(276) 244-1174
David Cockerham	49 Farmers Market Dr	Hillsville	Virginia	(276) 728-2799
Murtaza Dhanani	18002 15th Ave Northeast	Shoreline	Washington	(206) 306-0933
Leah Tabor	42 Scott Way	Hurricane	West Virginia	(304) 757-8220
Sean Harrison	503 Peck Ave	Clinton	Wisconsin	(608) 676-4606
Lomesh B Amin	5300 S 76th St	Greendale	Wisconsin	(414) 421-8849
Gary & Cindy Oliver MGR mike	1400 Del Range Blvd	Cheyenne	Wyoming	(307) 637-5547

TCBY AGREEMENTS SIGNED BUT OUTLETS NOT OPENED

Franchisee Name	Address	City	State	Phone Number	# of Agreements
Ibrahim Choudhry	560 W. 1st Street	Claremont	CA	203-676-0738	4
Gulum Nabi	65 Pine Ave Suite 870	Long Beach	CA	562-665-3124	6
Yoyao Zhang	1150 S. 7th Street	San Jose	CA	408-480-8888	5
Kirit Patel	42309 S. Morrison Blvd	Hammond	LA	404-345-7790	1
Brandon Woolridge	1836 Beach Blvd	Biloxi	MS	770-355-0486	3
Clay Swindle	4646 Bakersfield Drive	Nesbit	MS	901-299-8549	1
Akther Hossain	7 Lynn Place	Bethpage	NY	646-932-8940	1
Patrick Bruno	2947 Mandalay Beach Road	Wantagh	NY	516-376-4441	1

**FORMER FRANCHISEES WHO HAVE HAD AN OUTLET TERMINATED, CANCELLED,
NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO
BUSINESS UNDER THE FRANCHISE AGREEMENT AND FRANCHISEES THAT HAVE NOT
COMMUNICATED WITH US WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THIS
DISCLOSURE DOCUMENT**

Franchisee Name	City	State	Phone Number
David Smith	Folsom	California	(916) 351-1448
Anubhav Jolly*	Milpitas	California	(408) 649-3258
Mike Mike	Santa Monica	California	(310) 434-4654
Jean Enkler	Colorado Springs	Colorado	(719) 265-8229
Raj Saini	Westminster	Colorado	(720) 887-8087
Lisa (Dwayne- Mgr) Gross-Arnold	Simsbury	Connecticut	(860) 651-3010
J. Robert McCabe	Bethany Beach	Delaware	(302) 537-2266
Michael D'Argenio	Orlando	Florida	(407) 238-9775
Thompson Sunderaj*	Pembroke Pines	Florida	(954) 432-5900
Frank Messina	Pensacola	Florida	(850) 332-7531
Don Weir	Sarasota	Florida	(941) 953-3241
Maria Walsh*	Peachtree city	Georgia	(770) 631-9803
Charles Tiller / Will Tiller	Suwanee	Georgia	(678) 947-0540
James Sheets	Elmhurst	Illinois	(630) 832-8300
Mubarak Amine	Orland Park	Illinois	(708)403-8606
Francis Neziyana	Zachary	Louisiana	(225) 654-5620
Khurshid Ahmed	Salisbury	Maryland	(410) 742-7900
Ann Yenish	Burnsville	Minnesota	(952) 435-7227
Harmin Singh	Canton	Mississippi	(601)497-7992
Clay Swindle*	Olive Branch	Mississippi	(662) 420-7823
Clifton (Paige) Van Cleave	McComb	Mississippi	(601) 250-0630
Jose Young	Nutley	New Jersey	(973) 235-9229
Narottam J Patel	Paramus	New Jersey	(201) 203-9278
Narottam Patel	Woodbridge	New Jersey	(732) 634-5800
Rehana Begum	Fresh Meadows	New York	(718) 969-6100
John J Bassett	Kingston	New York	(845) 336-8146
Samuel Batt	Davidson	North Carolina	(704) 892-3747
Bina Kalaria	Pineville	North Carolina	(704) 900-5483
Samuel Batt	Wesley Chapel	North Carolina	(704) 843-0260
Sam Batt*	Summerville	South Carolina	(843) 821-1591
Traci Sanchez*	Barlett	Tennessee	(901) 383-7994
Verdo Jackson	Memphis	Tennessee	(901) 208-8163
Alkesh & Bhartiben & Hemlata Jariwala	Coppell	Texas	(972) 393-5800
Richard Soler	Friendswood	Texas	(281) 992-3323

Franchisee Name	City	State	Phone Number
Zia Kauser	Magnolia	Texas	(281) 259-3344
Gerardo Jerry Carrillo	McAllen	Texas	(956) 627-5550
Adam Saadi	Pearland	Texas	(281) 741-9024
Young Kim	Seattle	Washington	(206) 420-7787

*The franchisees identified above transferred their Stores during our last fiscal year.

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

EXHIBIT F
FINANCIAL STATEMENTS

UNAUDITED
FINANCIAL STATEMENTS



MFOC Holdco, Inc.
Monthly Financial Statements
October 2, 2021

Unaudited & Not in Accordance with US GAAP

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

MFOC Holdco, Inc.
Consolidated Balance Sheets
(in thousands)
Unaudited & Not in Accordance with US GAAP

		October 2 2021
ASSETS:		
Current assets		
Cash and cash equivalents	\$	2,496
Restricted cash		324
Receivables, net of allowance for doubtful accounts of \$XX and \$XX		2,200
Inventories		4,858
Prepaid expenses and other		1,221
Current assets from discontinued operations		-
Total current assets		11,099
Property and equipment, net		444
Goodwill, net		1,818
Trade names and other intangible assets, net		10,802
Other assets		161
Non-current assets from discontinued operations		-
Total assets	\$	24,324
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
Current liabilities		
Accounts payable	\$	2,289
Accrued liabilities		2,831
Current portion of long-term debt		510
Current portion of other liabilities		512
Current liabilities from discontinued operations		-
Total current liabilities		6,142
Debt, net of deferred loan costs \$XX and \$XX		41,406
Deferred tax liabilities		1,919
Other liabilities		135
Non-current liabilities from discontinued operations		-
Total liabilities		49,602
Common stock - \$0.01 par value; 100 shares authorized and outstanding		-
Additional paid-in-capital		110,508
Accumulated deficit		(136,272)
Accumulated other comprehensive income		486
Total stockholders' deficit		(25,278)
Total liabilities and stockholders' deficit	\$	24,324

MFOC Holdco, Inc.
Consolidated Statements of Operations
(in thousands)
Unaudited & Not in Accordance with US GAAP

	5 Weeks Ended October 2 2021	13 Weeks Ended October 2 2021
REVENUES, NET		
Mrs. Fields Gifts	\$ 1,380	\$ 3,346
Domestic Franchising	500	1,514
Mrs. Fields Licensing	134	329
International Franchising	59	168
Total revenues	<u>2,073</u>	<u>5,357</u>
OPERATING COSTS AND EXPENSES:		
Mrs. Fields Gifts	1,586	3,961
Domestic Franchising	116	354
Mrs. Fields Licensing	2	4
International Franchising	21	33
Mrs. Fields Confections	-	-
Intercompany Expense Elimination	-	-
General and administrative	600	1,416
Depreciation and amortization	83	247
Total operating costs and expenses	<u>2,408</u>	<u>6,015</u>
Gain (Loss) from operations	(335)	(658)
OTHER EXPENSE, NET:		
Interest expense, net	612	1,590
Gain (Loss) before provision for income taxes	(947)	(2,248)
Provision for income taxes	11	11
Net Gain (Loss) from continuing operations, net of income tax	(958)	(2,259)
Net Gain (Loss) from Discontinued operations, net of income tax	-	-
COMPREHENSIVE GAIN (LOSS), NET OF INCOME TAXES:		
Net Gain (Loss)	\$ (958)	\$ (2,259)
Foreign currency translation adjustment	-	6
Comprehensive Gain (Loss)	<u>\$ (958)</u>	<u>\$ (2,253)</u>

MFOC Holdco, Inc.
Consolidating Statements of Cash Flows
(in thousands)
Unaudited & Not in Accordance with US GAAP

	<u>5 Weeks</u> <u>Ended</u> <u>October 2</u> <u>2021</u>	<u>13 Weeks</u> <u>Ended</u> <u>October 2</u> <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (958)	\$ (2,259)
Loss from Discontinued Operations, net of income taxes	-	-
Loss from Continuing Operations, net of income taxes	(958)	(2,259)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	82	248
Amortization of deferred loan costs	-	-
Loss (gain) on sale of fixed assets	-	-
Impairment of long-lived assets	-	-
Inventory write-down	-	-
Provision for bad debt, net	1	(6)
Lease termination expense	-	-
Deferred income taxes	-	-
Interest paid in kind	349	515
Non Cash Forgiveness of COVID PPP Loan	-	-
Changes in assets and liabilities:		
Restricted cash	-	-
Receivables	(67)	213
Inventories	(982)	(1,942)
Prepaid expenses and other assets	(272)	(703)
Accounts payable	252	1,166
Accrued liabilities	(343)	(75)
Accrued restructuring liabilities	-	-
Other liabilities	(30)	32
Net cash provided by (used in) operating activities from continuing operations	(1,968)	(2,811)
Net cash used in operating activities from discontinued operations	-	-
Net cash provided by (used in) operating activities	(1,968)	(2,811)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of assets	-	-
Purchases of property and equipment	(34)	(92)
Net cash used in investing activities from continuing operations	(34)	(92)
Net cash provided by investing activities from discontinued operations	-	-
Net cash (used in) provided by investing activities	(34)	(92)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving loan facility	-	-
Proceeds from term loans	-	-
Proceeds from revolving loan facility-Z Cap	-	-
Principal payments on revolving loan facility	-	-
Principal payments on term loan	-	-
Principal payments on senior secured notes	-	-
Payment of debt financing costs	-	-
Principal payments on capital lease obligations	-	-
Proceeds from COVID19 PPP Loan	-	-
Proceeds Zcap Equity Infusion	2,000	2,000
Net cash (used in) provided by financing activities	2,000	2,000
Effect of foreign exchange rate changes on cash	13	6
Net (decrease) increase in cash and cash equivalents	11	(897)
Cash and cash equivalents at beginning of period	2,485	3,393
Cash and cash equivalents at end of period	2,496	2,496
Less: Cash and Cash equivalents from discontinued operations, end of period	-	-
Cash and cash equivalents from continuing operations, end of period	\$ 2,496	\$ 2,496
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 732	\$ 1,083
Cash held outside of the United States	55	55
Cash paid for income taxes		
Non Cash Financial Activity		
P13-20 Additional Paid in Capital due to Debt Restructure		
P13-21 Adoption of ASC 606 Initial Fees - Adjust Prior Years Activity to Retained Earnings	425	425
P13-21 Adoption of ASC 720 AdFund - Adjust Prior Years Activity to Retained Earnings	351	351

AUDITED
FINANCIAL STATEMENTS
&
GUARANTEE OF PERFORMANCE

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

MFOC Holdco, Inc.

As of July 3, 2021 and June 27, 2020 and for the
Fiscal Years Ended July 3, 2021, June 27, 2020
and June 29, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
MFOC Holdco, Inc.

We have audited the accompanying consolidated financial statements of MFOC Holdco, Inc. (a Delaware corporation) and subsidiaries, which comprise the consolidated balance sheets as of July 3, 2021 and June 27, 2020, and the related consolidated statements of operations and comprehensive loss, stockholder's deficit, and cash flows for the each of the three years in the period ended July 3, 2021, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of MFOC Holdco, Inc. and subsidiaries as of July 3, 2021 and June 27, 2020, and the results of their operations and their cash flows for each of the three years in the period ended July 3, 2021 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in Note B to the consolidated financial statements, MFOC Holdco, Inc. and subsidiaries have adopted new accounting guidance in 2021, related to Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Grant Thornton LLP

Denver, Colorado
October 22, 2021

MFOC Holdco, Inc.

CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>July 3, 2021</u>	<u>June 27, 2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,393	\$ 3,350
Restricted cash	324	424
Receivables, net of allowance for doubtful accounts of \$13 and \$55, respectively	2,407	1,820
Inventories	2,916	1,625
Prepaid expenses and other assets	<u>518</u>	<u>396</u>
Total current assets	9,558	7,615
Property and equipment, net	401	384
Goodwill, net	2,017	2,812
Trade names and other intangible assets, net	10,802	10,802
Other assets	161	161
Non-current assets from discontinued operations	<u>-</u>	<u>1</u>
Total assets	<u>\$ 22,939</u>	<u>\$ 21,775</u>
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities		
Accounts payable	\$ 1,123	\$ 1,294
Accrued liabilities	2,906	1,830
Current portion of long-term debt	585	1,475
Other current liabilities	<u>539</u>	<u>118</u>
Total current liabilities	5,153	4,717
Debt, net of deferred loan costs of \$0 and \$18, respectively	40,816	38,878
Deferred tax liabilities	1,920	1,411
Other liabilities	<u>76</u>	<u>84</u>
Total liabilities	47,965	45,090
Stockholder's deficit		
Common stock - \$0.01 par value; 100 shares authorized and outstanding	-	-
Additional paid-in capital	108,508	108,508
Accumulated deficit	(134,014)	(132,264)
Accumulated other comprehensive income	<u>480</u>	<u>441</u>
Total stockholder's deficit	<u>(25,026)</u>	<u>(23,315)</u>
Total liabilities and stockholder's deficit	<u>\$ 22,939</u>	<u>\$ 21,775</u>

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

MFOC Holdco, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands)

	Years Ended		
	July 3, 2021	June 27, 2020	June 29, 2019
Revenues, net			
Mrs. Fields gifts	\$ 34,870	\$ 30,592	\$ 25,447
Domestic franchising	4,697	4,836	7,463
Ad Fund - franchising	1,125	-	-
Mrs. Fields licensing	918	1,367	1,728
International franchising	606	795	1,002
Total revenues	42,216	37,590	35,640
Operating costs and expenses			
Mrs. Fields gifts	29,385	25,349	22,659
Domestic franchising	1,361	1,149	1,428
Ad Fund - franchising	894	-	-
Mrs. Fields licensing	153	474	349
International franchising	148	180	198
General and administrative	4,935	4,670	5,551
Depreciation and amortization	978	935	1,530
Total operating costs and expenses	37,854	32,757	31,715
Income from operations	4,362	4,833	3,925
Interest expense, net	6,318	9,184	9,382
Other income	(37)	-	(349)
Gain on debt extinguishment	(1,475)	-	-
Loss before provision for income taxes	(444)	(4,351)	(5,108)
Provision for income taxes	530	393	(1,644)
Net loss from continuing operations, net of income tax	(974)	(4,744)	(3,464)
Net loss from discontinued operations, net of income tax	-	(322)	(209)
Comprehensive loss, net of income taxes			
Net loss	(974)	(5,066)	(3,673)
Foreign currency translation adjustment	39	66	85
COMPREHENSIVE LOSS	\$ (935)	\$ (5,000)	\$ (3,588)

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

MFOC Holdco, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S DEFICIT
(in thousands, except shares)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance, June 30, 2018	100	\$ -	\$ 47,961	\$ (123,525)	\$ 290	\$ (75,274)
Foreign currency translation adjustment	-	-	-	-	85	85
Net loss	-	-	-	(3,673)	-	(3,673)
Balance, June 29, 2019	100	-	47,961	(127,198)	375	(78,862)
Foreign currency translation adjustment	-	-	-	-	66	66
Contribution	-	-	60,547	-	-	60,547
Net loss	-	-	-	(5,066)	-	(5,066)
Balance, June 27, 2020	100	-	108,508	(132,264)	441	(23,315)
Adoption of new accounting standard	-	-	-	(776)	-	(776)
Foreign currency translation adjustment	-	-	-	-	39	39
Net loss	-	-	-	(974)	-	(974)
Balance, July 3, 2021	100	\$ -	\$ 108,508	\$ (134,014)	\$ 480	\$ (25,026)

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

MFOC Holdco, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended		
	July 3, 2021	June 27, 2020	June 29, 2019
Cash flows from operating activities:			
Net loss	\$ (974)	\$ (5,066)	\$ (3,673)
Loss from discontinued operations, net of income taxes	-	(322)	(209)
Loss from continuing operations, net of income taxes	(974)	(4,744)	(3,464)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	978	935	1,530
Amortization of deferred loan costs	18	216	224
Gain on sale of fixed assets	-	(88)	-
Provision for bad debt	95	430	571
Deferred income taxes	509	441	(1,638)
Interest paid in kind	2,070	1,573	1,538
Other income	-	-	(349)
Non-cash forgiveness of COVID-19 PPP loan	(1,475)	-	-
Changes in assets and liabilities:			
Receivables	(417)	16	(173)
Inventories	(1,291)	227	265
Prepaid expenses and other assets	(122)	(140)	93
Accounts payable	(171)	(284)	484
Accrued liabilities	460	(423)	(1,118)
Other liabilities	(12)	(128)	(299)
Net cash used in operating activities from continuing operations	(332)	(1,969)	(2,336)
Net cash provided by (used in) operating activities from discontinued operations	1	(326)	(247)
Net cash used in operating activities	(331)	(2,295)	(2,583)
Cash flows from investing activities:			
Proceeds from sales of assets	-	90	40
Purchases of property and equipment	(200)	(147)	(239)
Net cash used in investing activities	(200)	(57)	(199)
Cash flows from financing activities:			
Proceeds from revolving loan facility	-	6,250	8,400
Principal payments on revolving loan facility	-	(4,500)	(5,250)
Principal payments on term loan	(75)	(75)	(75)
Proceeds from COVID-19 PPP loan	510	1,475	-
Net cash provided by financing activities	435	3,150	3,075
Effect of foreign exchange rate changes on cash	39	66	85
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(57)	864	378
Cash, cash equivalents and restricted cash, beginning of year	<u>3,774</u>	<u>2,910</u>	<u>2,532</u>
Cash, cash equivalents and restricted cash from continuing operations, end of year	<u>\$ 3,717</u>	<u>\$ 3,774</u>	<u>\$ 2,910</u>

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

MFOC Holdco, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

	Years Ended		
	July 3, 2021	June 27, 2020	June 29, 2019
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets:			
Cash and cash equivalents	\$ 3,393	\$ 3,350	\$ 2,561
Restricted cash	324	424	349
	<u>\$ 3,717</u>	<u>\$ 3,774</u>	<u>\$ 2,910</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 4,544	\$ 6,800	\$ 7,640
Cash held outside of the United States	32	38	36
Cash paid for income taxes	-	-	10
Non-cash financing activity:			
Additional paid in capital due to debt restructure	\$ -	\$ 60,547	\$ -

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

MFOC Holdco, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**As of July 3, 2021 and June 27, 2020
and for the Fiscal Years Ended July 3, 2021, June 27, 2020 and June 29, 2019
(in thousands)**

NOTE A - BUSINESS

Description of the Business

MFOC Holdco, Inc. and its wholly owned subsidiaries (collectively, the “Company”) develops and franchises retail stores, which sell core products including cookies, brownies and frozen yogurt through two specialty branded concepts, Mrs. Fields and TCBY.

The Company markets and distributes products through catalogs, its website, affiliations with other websites and sales to large corporate customers for gifting purposes and various retail channels.

The Company authorizes franchisees and third-party licensees to use certain business formats, systems, methods, procedures, designs, layouts, specifications, trade names and trademarks in the United States of America and other countries.

The Company licenses the use of its trademarks, logos and recipes to third parties for distribution of Mrs. Fields and TCBY branded products through specialty stores and cafés.

Risks and Uncertainties and Liquidity

As of July 3, 2021, the Company had an accumulated deficit of \$134.0 million, a pretax net loss of \$0.4 million and negative cash flows from operations of \$0.3 million for the twelve-month period ended July 3, 2021. As of July 3, 2021, the Company had \$3.4 million of cash and cash equivalents on hand and net working capital of \$4.4 million.

Management anticipates that the cash on hand, positive working capital, reduction in interest commitments, and commitment from the ownership group to provide additional financial support, as necessary, are sufficient for it to continue to fund cash flow needs for one year after the date the consolidated financial statements were issued.

COVID-19 Pandemic

In March 2020, the pandemic novel coronavirus (“COVID-19”) outbreak was declared a National Public Health Emergency and resulted in an immediate reduction in guest traffic at the Company’s franchisee locations due to changes in consumer behavior and mandated closure of malls and restaurants by state and local governments. Current local government restrictions and public perceptions of the risks associated with the COVID-19 pandemic have also caused and may continue to cause consumers to avoid or limit gatherings in public places or social interactions. The duration of these potential disruptions are uncertain, and it is not possible at this time to estimate the future impact that COVID-19 could have on the business.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany accounts and transactions have been eliminated in consolidation.

MFOC Holdco, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**As of July 3, 2021 and June 27, 2020
and for the Fiscal Years Ended July 3, 2021, June 27, 2020 and June 29, 2019
(in thousands)**

Accounting Periods

The Company has a 52/53 week fiscal year ending on the Saturday nearest to June 30th. The Company's 2021, 2020 and 2019 fiscal years ended July 3, 2021, June 27, 2020 and June 29, 2019, respectively. Fiscal 2021 had 53 weeks and Fiscal 2020 and 2019 had 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. From time to time management evaluates these estimates, including those that relate to allowances for doubtful accounts, inventory valuation, fair value of goodwill and intangible assets, long-lived asset impairments, gift card liability, deferred tax valuation allowances and contingencies. The Company bases its estimates on historical experience and on various assumptions that it believes reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates, making it possible that a change could occur in the near term.

Foreign Currency Translation

The balance sheet accounts of foreign subsidiaries are recorded in their local currency (the functional currency) and translated into U.S. dollars using the applicable balance sheet date exchange rates, while revenues and expenses are translated using the average exchange rates for the period presented. Resulting translation adjustments are recorded as a component of accumulated other comprehensive income.

Cash and Cash Equivalents

The Company considers cash on hand, bank checking accounts and temporary investments with an original maturity of three months or less to be cash equivalents. At times, the Company's bank account balances may exceed federally insured limits. Management monitors the financial condition of the institutions with which it invests; nothing has been identified to suggest any of the institution's financial condition were at risk. The Company has not experienced any losses in such accounts.

Amounts in-transit from credit card processors are also considered cash equivalents because they are both short-term and highly liquid in nature and are typically converted to cash within a week of the sales transaction.

Restricted Cash

Restricted cash represents cash held in reserve accounts under agreements with the Company's financial institutions to cover their risk associated with the Company's automated clearing house transactions and third-party credit card transactions.

MFOC Holdco, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**As of July 3, 2021 and June 27, 2020
and for the Fiscal Years Ended July 3, 2021, June 27, 2020 and June 29, 2019
(in thousands)**

Receivables

Most of the Company's receivables are due from domestic and international franchisees, distributors and licensees, as well as corporate customers of Mrs. Fields' Gifts. The Company maintains an allowance for doubtful accounts to cover potential losses, which is reviewed quarterly; the carrying values of such balances are adjusted to the amount that the Company estimates to be the net realizable value. The Company evaluates the collectability of its accounts receivable based on a combination of factors, including length of time the receivables are past due and historical performance. The Company does not accrue finance or interest charges on outstanding balances.

Inventories

Inventories, consisting of finished goods, novelties, packaging and raw materials are stated at the lower of cost (first-in, first-out method) or net realizable value. In assessing the realizability of inventories, the Company makes judgments as to future demand requirements and product expiration dates. The inventory requirements change based on projected customer demand, which changes due to fluctuations in market conditions and product life cycles.

Property and Equipment

Additions of property and equipment are recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the lesser of the life of the lease or the estimated useful life of the asset.

Expenditures that materially extend useful lives of property and equipment are capitalized. Routine maintenance, repairs and renewal costs are expensed as incurred. Gains or losses from the sale or retirement of property and equipment are recorded in current operations.

Long-Lived Assets

Long-lived assets, such as property and equipment and intangible assets subject to amortization are reviewed for impairment when events or changes in circumstances indicate that the book value of an asset may not be fully recovered. If events or circumstances indicate that the carrying amount of a long-lived asset may be impaired, the Company will make an assessment of recoverability using an estimate of future undiscounted net cash flows of the related asset or group of assets over the remaining life in measuring whether the assets are recoverable. Impairment of long-lived assets is assessed at the lowest level for which there are identifiable cash flows that are independent of other groups of assets. Impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The impairment of long-lived assets requires judgments and estimates. If circumstances change, estimates could also change.

Goodwill and Other Indefinite-Lived Intangible Assets

On December 29, 2013, the first day of the 2014 fiscal year, the Company adopted Accounting Standards Update ("ASU") No. 2014-02, *Accounting for Goodwill*, a consensus of the Private Company Council ("PCC") electing to apply the private company alternative to amortize goodwill on a straight-line basis over ten years. Goodwill is tested for impairment at the reporting unit level whenever events or changes in circumstances indicate that the asset might be impaired. The amount of the impairment is measured as the excess of the carrying amount of the reporting unit over its fair value. As of July 3, 2021, the Company performed quantitative impairment analyses of its licensing, domestic franchise and international franchise goodwill and a qualitative impairment analysis of its gifting goodwill. As of June 27, 2020, the Company

MFOC Holdco, Inc.

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**As of July 3, 2021 and June 27, 2020
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performed quantitative impairment analyses of its domestic and international franchise goodwill and a qualitative impairment analysis of its gifting and licensing goodwill. Based on the Company's testing, there was no indication of impairment.

The Company's other indefinite-lived intangible assets are not subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired. The Company did not record any impairment during the fiscal years ended July 3, 2021, June 27, 2020 and June 29, 2019.

Revenue Recognition

In fiscal year 2021, the Company adopted Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, and related amendments ("new revenue standard" or "Topic 606") using the modified retrospective transition method. See Note D of the notes to consolidated financial statements for additional information regarding the impacts of the new revenue standard.

Mrs. Fields Gifts

The Company recognizes revenues, net of state and local sales taxes, from gift sales at the time of shipment. Sales taxes are imposed by state, county, and municipal governmental authorities, collected from customers and remitted to the appropriate governmental agency. The Company's accounting policy is to record the sales taxes collected as a liability on the Company's books and then relieve the liability when the sales tax is remitted. There is no impact on the consolidated statements of operations and comprehensive loss as sales are recorded net of sales tax.

Domestic and International Franchise Revenue and Ad Fund

Franchise revenue consists primarily of initial and renewal franchise fees, marketing and advertising fund ("MAF") contributions, and royalties. The performance obligations under the franchise agreements consist of: (1) a franchise license, including a license to use the TCBY or Mrs. Fields brand and MAF management, (2) pre-opening services, such as guidance in selecting sites, assistance in layout and signage for the store training and inspections and (3) ongoing services, such as development of training materials as well as restaurant monitoring and inspections. These performance obligations are highly interrelated and are not considered to be individually distinct. As such, they are accounted under Topic 606 as a single performance obligation, which is satisfied over time by providing a right to use the intellectual property over the term of each franchise agreement.

Royalties, including franchisee MAF contributions, are calculated as a percentage of franchisee sales. MAF contributions paid by franchisees are used for the creation and development of brand advertising, marketing and public relations, merchandising research and related programs, activities and materials. Under Topic 606, starting in the fiscal year ended July 3, 2021, MAF contributions will be reflected as a separate line in the revenue section and the expenses will be reflected as a separate line in the operating costs and expenses on the consolidated statements of operations. The initial franchisee fee is payable upon execution of the franchise agreement and the renewal fee is due and payable at the expiration of the initial term of the franchise agreement. Franchise agreement royalties, including advertising fund contributions, represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur.

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Initial and renewal franchise fees and area development fees are recognized as revenue over the term of the respective agreement unless the franchise agreement is terminated early, in which case the remaining initial or renewal franchise fee is fully recognized in the period of termination. Franchise fees paid under Master Franchise agreements are amortized over the remaining life of the Master Franchise agreement. The pro rata amount apportioned to each restaurant is accounted for as an initial franchise fee.

Under Topic 605, *Revenue Recognition*, initial franchise fees and area development fees were recognized as revenue when the related store commenced operations and all material pre-opening services and conditions were completed. Renewal franchise fees were recognized as revenue upon execution of a new franchise agreement. MAF contributions from franchisees and the related MAF expenditures were accounted for on a net basis in the consolidated balance sheets.

The Company receives cash payments for product formulation fees and allowances from suppliers based on the amount of product purchased directly by its distributors and franchisees. These product formulation fees include cash payments to the Company for the supplier's right to use the Company's proprietary formulations and recipes to manufacture the frozen dough and TCBY products sold to the Company's franchisees. Formulation fees and allowances are recorded as revenue, net of rebates paid to franchisees, within domestic and international franchising revenues upon shipment of product to the Company's distributors or franchisees.

License Revenue

The Company enters into contracts to license its intellectual property, to licensees which have the right to manufacture, package, distribute, advertise, offer to sell, and/or sell Royalty Bearing Products identified by the Licensed Names and Marks throughout designated channels. The licensees pay the Company either a sales-based royalty, for use of the brands, or in some cases subject to minimum guaranteed amounts. The license of the Company's brands provide access to the intellectual property over the term of the license, generally without any other performance obligation of the Company other than keeping the intellectual property active, and is therefore considered a right-to-access license of symbolic intellectual property. The Company records sales-based royalty revenues for right-to-access licenses at the occurrence of the licensees' subsequent sale. When the arrangement includes a minimum guarantee, the Company records revenue based on sales-based royalty revenues as the Company expects total sales-based royalty revenue to exceed the minimum guarantee.

Gift Cards

The Company sells gift cards primarily through certain third-party distributors. These gift cards do not expire and do not incur a service fee on unused balances. Sales of gift cards are initially recorded as a contract liability, included in accrued liabilities, at their expected redemption value. When gift cards are redeemed, revenue is recognized, and the contract liability reduced. The portion of gift cards sold to customers that are never redeemed is commonly referred to as gift card breakage. Under Topic 606 gift card breakage revenue is recognized in proportion to the pattern of gift card redemptions exercised by customers, using an estimated breakage rate based on historical experience. Under Topic 605, gift card breakage income was recognized within other income (and not within revenue) when it was deemed remote that the unused gift card balance would be redeemed.

MFOC Holdco, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Contract Liabilities

Contract liabilities consist of (1) deferred revenue resulting from initial and renewal franchise fees and upfront area development fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement, and (2) liability for unused gift cards. These contract liabilities are included in other current liabilities and accrued expenses, respectively, on the consolidated balance sheets.

Operating Costs and Expenses

Mrs. Fields' Gifts' operating expenses are comprised of costs incurred to generate gifting revenues, which include cost of sales for products sold, selling and promotional expenses, compensation and related costs and other direct operating expenses. Cost of sales includes purchasing and receiving costs, inspection costs, warehousing costs, formulation fees and other costs of the Company's distribution network.

Operating expenses of the Company's franchising operations, including domestic and international franchising, are comprised of costs incurred to generate franchising revenues, which include operation and supervision expenses wherein the Company provides support, direction and supervision to the franchisees, development and support expenses including product development costs, expenses relating to new franchise development, marketing and advertising, bad debt expense and other direct franchising expenses.

Licensing operating expenses are comprised of costs incurred to generate licensing revenues, which primarily are selling and promotional expenses, bad debt and other direct operating expenses. Selling expenses include compensation and related costs, outside commissions and professional fees.

General and administrative expenses are comprised of compensation and related costs of corporate employees such as executive, accounting, legal, human resources and information systems personnel, travel and travel-related expenses of corporate employees, professional and legal fees, bank charges, insurance costs and facility costs not related to the generation of revenues. These costs are associated with providing management support for all of the Company's operations.

Income Taxes

Income taxes are accounted for under the asset and liability method. The Company recognizes deferred income tax assets or liabilities for expected future income tax consequences of events that have been recognized in the consolidated financial statements or income tax returns. Under this method, deferred income tax assets or liabilities are determined based upon the difference between the consolidated financial statement and income tax bases of assets and liabilities using enacted tax rates expected to apply when differences are expected to be settled or realized. The Company recognizes tax benefits for uncertain tax positions when they satisfy a greater than 50% probability threshold and provides for the estimated impact of interest and penalties for the uncertain tax benefits.

A valuation allowance is recorded to reduce the carrying amount of deferred tax assets when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Advertising

General corporate advertising costs are expensed as incurred. During the fiscal year ended July 3, 2021, the Company incurred advertising expenses, including the expenditures of the MAF, totaling approximately \$5.3 million. During the fiscal years ended, June 27, 2020 and June 29, 2019, the Company incurred advertising expenses, excluding the expenditures of the MAF in accordance with Topic 605, totaling approximately \$4.3 million and \$4.3 million, respectively. These expenditures are included in operating costs of the related reporting units.

Shipping and Handling Costs

Amounts billed to customers for shipping and handling are recorded in revenues. Shipping and handling costs incurred by the Company for the delivery of products to customers are included in operating costs and expenses.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*, which is intended to increase transparency and comparability of accounting for lease transactions. This update revises accounting for operating leases by a lessee, among other changes, and requires a lessee to recognize a liability to make lease payments and an asset representing a company's right to use the underlying asset for the lease term in the balance sheet. The distinction between finance and operating leases has not changed and the update does not significantly change the effect of finance and operating leases on the statement of operations. This guidance is effective for Company's annual periods beginning after July 2, 2022, with early adoption permitted. At adoption, this update will be applied using a modified retrospective approach. The Company does not expect the new standard to have a material impact on the consolidated financial statements.

Taxes

In December 2019, FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments simplify the accounting for income taxes by removing certain exceptions to the general principals of Topic 740, *Income Taxes*, and also improve consistent application by clarifying and amending existing guidance. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted, with the amendments to be applied on a retrospective, modified retrospective or prospective basis, depending on the specific amendment. The Company does not expect the new standard to have a material impact on the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

As of July 3, 2021 and June 27, 2020
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NOTE D - REVENUE RECOGNITION

During fiscal year 2021, the Company adopted Topic 606 using the modified retrospective transition method. The Company recognized the cumulative effect of initially applying the new revenue standards as a net increase to opening retained earnings of \$0.8 million, net of tax, as of June 28, 2020. The effects of the changes made to the consolidated statement of operations for the year ended July 3, 2021 for the adoption of the new revenue guidance was as follows:

	As Reported	Adjustments	Balances Without Adoption of Topic 606
Domestic franchising revenue	\$ 4,697	\$ (53)	\$ 4,644
Ad Fund - franchising	1,125	(1,125)	-
International franchising revenue	606	67	673
	<hr/>	<hr/>	<hr/>
Total revenues	42,216	(1,111)	41,105
Operating costs and expenses			
Domestic franchising	1,361	19	1,380
Ad Fund - franchising	894	(894)	-
International franchising	148	8	156
	<hr/>	<hr/>	<hr/>
Total operating costs and expenses	37,854	(867)	36,986
Income from operations	4,362	(244)	4,118
Loss before provision for income taxes	(444)	(244)	(688)
Provision for income taxes	530	-	530
	<hr/>	<hr/>	<hr/>
Net loss from continuing operations, net of income taxes	\$ (974)	\$ (244)	\$ (1,218)

Impact to Prior Period Information

Comparative information for the years ended June 27, 2020 and June 29, 2019 has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effects of the changes made to the consolidated balance sheet as of June 28, 2020 for the adoption of the new revenue guidance was as follows:

	Balance at June 27, 2020	Adjustments Upon Topic 606 Adoption	Balance at June 28, 2020
Receivables, net	\$ 1,820	\$ 265	\$ 2,085
Accrued liabilities	(1,830)	(616)	(2,446)
Other current liabilities	(118)	(425)	(543)
Accumulated deficit	132,264	776	133,040

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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The adoption of the new revenue standard had no impact on the Company's cash flows.

Disaggregated Revenue

Revenues are disaggregated by timing of revenue recognition and reconciled to the income statement revenue categorization as follows for fiscal year 2021:

Revenue Recognized Under Topic 606	Mrs. Fields Gifts	Domestic Franchising	Ad Fund - Franchising	Mrs. Fields Licensing	International Franchising
Recognized over time					
Initial franchise fees	\$ -	\$ 143	\$ -	\$ -	\$ 42
Royalty revenue	-	4,554	-	-	564
MAF	-	-	1,125	-	-
Revenue recognized over time	-	4,697	1,125	-	606
Recognized point-in-time					
Gifting	34,870	-	-	-	-
Licensing	-	-	-	918	-
Revenue recognized point-in-time	34,870	-	-	918	-
Total revenue	<u>\$ 34,870</u>	<u>\$ 4,697</u>	<u>\$ 1,125</u>	<u>\$ 918</u>	<u>\$ 606</u>

Contract Liabilities

A summary of significant changes to the contract liability balance, included within accrued liabilities and other current liabilities, respectively, on the consolidated balance sheets, during 2021 is presented below.

	Gift Cards	Initial Franchise Fees	Total
Balance as of June 28, 2020	\$ (149)	\$ (535)	\$ (684)
Revenue recognized that was included in the contract liability balance at the beginning of the year	-	110	110
Increase, excluding amounts recognized as revenue during the period	<u>(81)</u>	<u>(114)</u>	<u>(195)</u>
Balance as of July 3, 2021	<u>\$ (230)</u>	<u>\$ (539)</u>	<u>\$ (769)</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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The following table illustrates the estimated revenues expected to be recognized in the future related to our deferred initial franchise fees that are unsatisfied (or partially satisfied) as of July 3, 2021:

<u>Fiscal Year</u>	<u>Franchise Fees</u>
2022	\$ 86
2023	84
2024	79
2025	57
2026	34
Thereafter	199
	<hr/>
Total	\$ 539

NOTE E - INVENTORIES

Inventories are comprised of the following:

	<u>July 3, 2021</u>	<u>June 27, 2020</u>
Finished goods	\$ 282	\$ 104
Raw materials	2,634	1,521
	<hr/>	<hr/>
Inventories	\$ 2,916	\$ 1,625

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	<u>Estimated Useful Lives</u>	<u>July 3, 2021</u>	<u>June 27, 2020</u>
Equipment and fixtures	up to 7 years	\$ 4,244	\$ 3,961
Leasehold improvements	lesser of useful lives or end of lease term	2,204	2,204
Construction in progress		40	122
		<hr/>	<hr/>
		6,488	6,287
Accumulated depreciation		(6,087)	(5,903)
		<hr/>	<hr/>
Property and equipment, net		\$ 401	\$ 384

Depreciation expense was \$0.2 million, \$0.1 million and \$0.1 million for the fiscal year ended July 3, 2021, June 27, 2020 and June 29, 2019, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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NOTE G - GOODWILL AND OTHER INTANGIBLE ASSETS

As of July 3, 2021, the gross carrying value of goodwill was \$7.9 million and associated accumulated amortization of goodwill was \$5.9 million. Goodwill amortization expense was \$0.8 million for each of the fiscal years ended July 3, 2021, June 27, 2020 and June 29, 2019. Future amortization expense of goodwill as of July 3, 2021 is estimated to be \$0.8 million for each of the next two years and \$0.4 million thereafter.

Other intangible assets are comprised of indefinite-lived and definite-lived assets (amortized over ten years). The following details the Company's trade names and other intangible assets:

	July 3, 2021			June 27, 2020		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Indefinite-lived intangibles						
Trade names	\$ 10,802	\$ -	\$ 10,802	\$ 10,802	\$ -	\$ 10,802
Definite-lived intangibles						
Franchise relationships	11,594	(11,594)	-	11,594	(11,594)	-
Receipts	5,063	(5,063)	-	5,063	(5,063)	-
Total definite-lived intangibles	<u>16,657</u>	<u>(16,657)</u>	<u>-</u>	<u>16,657</u>	<u>(16,657)</u>	<u>-</u>
Total intangibles	<u>\$ 27,459</u>	<u>\$ (16,657)</u>	<u>\$ 10,802</u>	<u>\$ 27,459</u>	<u>\$ (16,657)</u>	<u>\$ 10,802</u>

Other intangible assets amortization expense was \$0.0 million, \$0.0 million and \$0.6 million for the fiscal years ended July 3, 2021, June 27, 2020 and June 29, 2019, respectively.

NOTE H - ACCRUED LIABILITIES

Accrued liabilities are comprised of the following:

	July 3, 2021	June 27, 2020
Gift cards and gift certificates	\$ 261	\$ 180
Professional services	401	414
Accrued expenses	685	219
Compensation and benefits	1,361	352
Yogurt formulation fees	138	221
Interest	60	444
	<u>\$ 2,906</u>	<u>\$ 1,830</u>

MFOC Holdco, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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NOTE I - DEBT

The Company's outstanding debt is comprised of the following:

	July 3, 2021	June 27, 2020
Revolving loan facility	\$ -	\$ -
Term loan facility A - Z Capital	7,050	7,125
Term loan facility B - Z Capital	5,000	5,000
Term loan facility C - Z Capital	18,841	16,771
Revolving loan facility - Z Capital	10,000	10,000
Payroll protection loan	510	1,475
	41,401	40,371
Less: current portion of long-term debt	(585)	(1,475)
Less: deferred loan costs, net of amortization	-	(18)
	\$ 40,816	\$ 38,878

As of July 3, 2021, the future debt payments due were as follows:

Fiscal Year		
2022		\$ 585
2023		40,816
		\$ 40,401

Revolving Loan Facility - Related Party

On January 31, 2017, the Company entered into a Revolving Loan Facility ("GSB Revolving Loan") as a qualified borrower, with Goldman Sachs Bank USA and certain parties related through common ownership with the Company's parent. The GSB Revolving Loan carried a variable-rate interest on unpaid principal at LIBOR plus 3.0% per annum with interest only payments due monthly in arrears. The GSB Revolving Loan was guaranteed by a related party through common ownership and was due on demand.

As a qualified borrower, the Company was not jointly or severally liable for obligations of the initial borrowers or other qualified borrowers under the revolving credit facilities. The Company did not have any security or collateral obligations related to its borrowings. Additionally, the Company was not subject to restrictive financial and non-financial covenants with respect to its borrowings under the revolving credit facilities.

On May 29, 2020 and June 5, 2020, the GSB Revolving Loan was paid off via a capital contribution from the Company's parent.

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Term Loan and Revolving Loan Facility - Related Party

On July 31, 2015, the Company entered into a \$30 million Term Loan Facility ("Term Loan") and a \$30 million Revolving Loan Facility ("Z Capital Revolving Loan"), both due July 31, 2020, with Z Capital Commercial Finance, L.L.C. ("Z Capital Finance"), a related party through common ownership with the Company's parent. On August 18, 2020, the Z Capital Revolving Loan commitment was reduced to \$10 million. On December 13, 2019, the Company amended the Term Loan and Z Capital Revolving Loan, amending the maturity date to July 31, 2021. On May 7, 2021, the Company amended the Term Loan and Z Capital Revolving Loan, amending the maturity date to July 31, 2022.

The Term Loan is comprised of three tranches, ranging in size from \$5.0 million to \$10.0 million, and carries annual variable cash interest rates on unpaid principal, the minimum cash interest rates ranging from 8.0% to 11.7% depending on the tranche, with interest only payments due monthly in arrears. As of July 3, 2021, the variable cash interest rates on the Term Loan tranches equaled 8.31% to 12.01%. The Term Loan also carries an annual interest rate of 10.6% paid-in-kind on the \$10.0 million tranche. All assets of the Company are pledged as collateral under the facility.

The Z Capital Revolving Loan carries an annual variable cash interest rate on unpaid principal, the minimum cash interest rate equal to 10.0%, with interest only payments due monthly in arrears. As of July 3, 2021, the variable cash interest rate on the Z Capital Revolving Loan equaled 10.31%. The Z Capital Revolving Loan also carries a 0.75% annual fee on any undrawn principal due monthly in arrears.

As of July 3, 2021, the Company had \$30.9 million outstanding related to the Term Loan and \$10 million outstanding related to the Z Capital Revolving Loan with no additional amount available to draw on the revolver. Additional withdrawals from the Term Loan are subject to lender approval.

The Term Loan contains certain financial and non-financial covenants. As of July 3, 2021, the Company was in compliance with all financial and non-financial covenants.

Letters of Credit

The Company has no outstanding letters of credit as of July 3, 2021, June 27, 2020 and June 29, 2019.

Paycheck Protection Program

On April 11, 2020 and April 15, 2020, the Company received loan proceeds in the amount of \$1.1 million and \$0.4 million, respectively, under the Paycheck Protection Program ("PPP"). 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 of the average monthly payroll expenses of the qualifying businesses. 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 will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

On February 2, 2021, the Company received loan proceeds in the amount of \$0.5 million under the PPP. The PPP provides for loans to qualifying businesses for amounts up to 3.5 times of the average monthly payroll expenses of the qualifying businesses. The loans and accrued interest are forgivable after eight weeks and before 24 weeks after the date of disbursement, 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 will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

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The total loan proceeds of \$1.5 million received in fiscal year 2020 was forgiven on March 26, 2021. The gain on forgiveness of loan proceeds is recognized in gain on debt extinguishment on the consolidated statements of operations.

The unforgiven portion of the PPP loans are payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, management cannot assure the Company will not take actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part. The Company has submitted loan forgiveness for the PPP loan granted in February 2021.

NOTE J - INCOME TAXES

Income taxes are included in the consolidated statements of operations and comprehensive loss and are detailed below:

	Fiscal Years Ended		
	July 3, 2021	June 27, 2020	June 29, 2019
Current income tax			
Federal	\$ -	\$ (70)	\$ (36)
State	12	8	10
Foreign	9	14	20
	21	(48)	(6)
Deferred income tax	509	441	(1,644)
Total income tax	\$ 530	\$ 393	\$ (1,644)

The Company's deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets of \$18.9 million are comprised mainly of net operating loss carry forwards, interest expense limitations, deferred inventory, and property plant and equipment, which is offset by a \$18.9 million valuation allowance and deferred tax liabilities of \$1.9 million comprised mainly of indefinite-lived intangibles. The Company's effective rate differs from the U.S. federal statutory rate primarily due to permanent differences and changes in the valuation allowance.

A valuation allowance is provided when it is more-likely-than-not that all or some of the deferred income tax assets will not be realized. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the temporary differences are deductible, the Company determined a valuation allowance of \$18.9 million was necessary as of July 3, 2021 and would impact the effective tax rate if released. The valuation allowance decreased by \$0.4 million for the fiscal year ended July 3, 2021.

The Company recorded uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby: (1) the Company determined whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position; and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognized the largest amount of the tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

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and for the Fiscal Years Ended July 3, 2021, June 27, 2020 and June 29, 2019
(in thousands)**

The Company recorded an uncertain tax position related to personal holding company taxes for Federal income tax purposes. The Company recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expense accounts. There has been an immaterial amount of accrued interest and penalties as of July 3, 2021, June 27, 2020 and June 29, 2019. The Company does not anticipate a material change to the amount of unrecognized tax position within the next 12 months. The estimated tax exposure of the uncertain tax liability to the Company at July 3, 2021, June 27, 2020 and June 29, 2019 is \$0.1 million, \$0.1 million and \$0.2 million, respectively.

As of July 3, 2021, June 27, 2020 and June 29, 2019, the Company has federal net operating loss carryforwards of approximately \$49.9 million, \$53.4 million and \$55.5 million, respectively, which may be used to offset future taxable income. The federal net operating loss is subject to a 20-year carryforward, with a portion of it beginning to expire in 2032.

As of July 3, 2021, the Company had various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent on apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. The Company's open tax years for federal purposes begins in 2017 and extends into the future while for state purposes, the earliest open year begins in 2016 and extends into the future.

NOTE K - RELATED-PARTY TRANSACTIONS

Services Agreement

The Company entered into a services agreement (the "Services Agreement") with Z Capital Special Situations Fund Holdings I, L.L.C. in 2011, which was subsequently amended in 2013 to include Z Capital Special Situations Fund Holdings II, L.L.C. (collectively "Z Capital," the "Advisors"). Z Capital is related to the Company through its ownership of its parent. The Services Agreement retains each of the Advisors to provide services, including but not limited to, accounting and financial planning, market research, product development, risk assessments, information systems analysis and transactional due diligence services to the Company on an ongoing basis in connection with the operation and growth of the Company in the ordinary course of business. During each fiscal year ended July 3, 2021, June 27, 2020 and June 29, 2019, the Company incurred \$0.5 million, \$1.0 million and \$1.0 million, respectively, in fees related to the services described above.

The term of the Services Agreement, unless terminated earlier pursuant to the terms of the Services Agreement, continues until the fourth anniversary of the date of the Services Agreement and thereafter will extend automatically each year for one additional year, unless at least three months written notice is provided. In consideration for the services provided as described above, the Company is required to pay a nonrefundable quarterly payment equal to the greater of five percent of consolidated EBITDA (as defined in the Term Loan agreement) or \$0.5 million annually. As of July 3, 2021 and June 27, 2020, a liability of \$0.1 million was recorded within accrued liabilities.

Debt

The Company has outstanding Term Loans and Revolving Loan Facilities with a related party through common ownership with the Company's parent. See Note I - Debt, for further information.

MFOC Holdco, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

As of July 3, 2021 and June 27, 2020
and for the Fiscal Years Ended July 3, 2021, June 27, 2020 and June 29, 2019
(in thousands)

NOTE L - COMMITMENTS AND CONTINGENCIES

Indemnifications

Under the Articles of Incorporation, the Company's directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

Legal Matters

The Company and its products are subject to regulation by numerous governmental authorities, including, without limitation, federal, state and local laws and regulations governing franchising, health, sanitation, environmental protection, safety and hiring and employment practices.

In the ordinary course of business, the Company is involved in routine litigation, including franchise disputes and trademark disputes. Although the results of litigation and threats of litigation, investigations and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these matters will not have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

Leases

The Company leases office space, facilities and equipment under long-term non-cancelable operating lease agreements with remaining terms of one to three years. Rent expense was \$0.7 million, \$1.0 million and \$1.3 million for the fiscal years ended July 3, 2021, June 27, 2020 and June 29, 2019, respectively. Rent expense for operating leases, which may include free rent or fixed escalation amounts in addition to minimum lease payments, is recognized on a straight-line basis over the duration of each lease term.

As of July 3, 2021, the future minimum lease payments due under operating leases were as follows:

<u>Fiscal Year</u>	
2022	\$ 634
2023	524
	<hr/>
	\$ 1,158

Purchase Commitments

The Company has obligations with certain of its major suppliers for minimum purchases both in terms of quantity and pricing. Furthermore, from time to time, the Company will commit to the purchase price of certain commodities that are related to the ingredients used for production of its products. The total of the Company's future purchase obligations as of July 3, 2021 was approximately \$28.9 million. The Company's policy with respect to all purchase commitments is to record losses, if any, when they are probable and reasonably estimable. Management continuously monitors these commitments for exposure to potential losses and will record a provision for losses when it is deemed necessary.

MFOC Holdco, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

As of July 3, 2021 and June 27, 2020
and for the Fiscal Years Ended July 3, 2021, June 27, 2020 and June 29, 2019
(in thousands)

NOTE M - DISCONTINUED OPERATIONS

In January 2017, the Company made the determination to wind-down and cease operations of its Mrs. Fields Confections (“Confections”) business segment. This determination was made due to the diminished profitability outlook within an acceptable time frame, which was determined after approximately 24 months of operations. This constituted a strategic shift as Confections was a separate reporting segment for the Company. Operations officially ceased in April 2017, and the wind down was substantially completed in May 2017. The Confections sales and expenses have been reflected as net loss from discontinued operations, net of income tax on the Company’s consolidated statements of operations and comprehensive loss for all fiscal years.

The significant items included in net loss from discontinued operations, net of income tax are as follows:

	<u>July 3, 2021</u>	<u>June 27, 2020</u>	<u>June 29, 2019</u>
Operating costs and expenses	\$ -	\$ (322)	\$ (209)
Loss from discontinued operations, net of income tax	<u>\$ -</u>	<u>\$ (322)</u>	<u>\$ (209)</u>

Assets and liabilities from discontinued operations within the consolidated balance sheets are not material as of July 3, 2021 and June 27, 2020.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2021, which is the date these consolidated financial statements were available to be issued and determined there were no subsequent events to disclose.

GUARANTEE OF PERFORMANCE

For value received, **MFOC Holdco, Inc.**, a Delaware corporation (the “Guarantor”), located at 8001 Arista Place, Suite 420, Broomfield, Colorado 80021, absolutely and unconditionally guarantees to assume the duties and obligations of **TCBY Systems, LLC**, located at 8001 Arista Place, Suite 420, Broomfield, Colorado 80021 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2021-2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Streetstoco , OH on the 29th day of OCTOBER , 20 21 .

Guarantor:

MFOC HOLDCO, INC.

By: MLTjri

Name: Nelson Tejada

Title: Chief Executive Officer

EXHIBIT G

STATE ADDENDA AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
TCBY SYSTEMS, LLC**

The following are additional disclosures for the Franchise Disclosure Document of TCBY Systems, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

1. 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.

2. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE, franchise.tcb.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. The following is added at the end of Item 3:

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange.

5. The following is added at the end of Item 5:

Payment of all initial fees to us or our affiliates is postponed until after all our initial obligations are complete and you have begun operating your Store.

6. The following is added at the end of Item 6:

The maximum interest rate allowed in California is 10%.

7. The following paragraphs are added at the end of Item 17:

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

The Franchise Agreements contains a covenant not to compete that extends beyond termination of the agreement and franchise. This provision might not be enforceable under California law.

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur at Colorado with the costs being borne as provided in the Franchise Agreement. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

8. The following paragraph is added to the end of Item 19:

The earnings claims figures above do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchise Business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.

HAWAII

1. The following paragraph is added to State Cover Page:

Our parent company, Mrs. Fields' Original Cookies, LLC guarantees our obligations under the Franchise Agreement. As a result of the current financial statements for Mrs. Fields' Original Cookies, LLC reflecting a negative net worth, the State requires us to defer all fees paid to us or related parties until all our pre-opening obligations have been completed and the franchisee has opened for business.

2. The following language is added to the end of Item 5 and 7:

The State of Hawaii Business Registration Division requires us to defer collection of all initial fees and payments you owe us under the Franchise Agreement until we have completed all of our pre-opening obligations to you under the applicable agreement and you have begun operating your franchise.

ILLINOIS

1. The following paragraph is added to the end of Items 5 and 7:

Payment of the Initial Franchise Fees will be deferred until we have met our initial obligations to you, and you have commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

2. Illinois law governs the franchise agreement.

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. Franchisees rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

1. The following is added to the end of the Item 5:

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

2. The following is added to the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, any release required as a condition of renewal, relocation, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. The following is added to the end of the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The following sentence is added to the end of the “Summary” section of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of Law**:

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

MINNESOTA

1. **Maximum Late Fee**. The following is added at the end of the chart in Item 6:

Notwithstanding the foregoing, the maximum late payment fee shall be \$30 as governed by Minnesota Statute 604.113.

2. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, relocation, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE

THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

None of the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a)

filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial fees constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), entitled **Termination by franchisee**:

You may terminate the Franchise Agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), entitled **Assignment of contract by franchisor**:

However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The following paragraph is added to the end of Items 5 and 7:

Pursuant to an order of the North Dakota Securities Commissioner, we will defer collection of the initial franchise fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Store.

2. **Lost Revenue Damages.** The Item 6 line item entitled **Lost Revenue Damages** will not be enforced to the extent prohibited by applicable law.

3. The following is added to the end of the “Summary” sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. The following is added to the end of the “Summary” section of Item 17(r), entitled **Non-competition covenants after the franchise is terminated or expires**:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

5. The “Summary” section of Item 17(u), entitled **Dispute resolution by arbitration or mediation** is deleted and replaced with the following:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

6. The “Summary” section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

You must sue us in a Court in the State of Colorado, except that, subject to your arbitration obligation, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

7. The “Summary” section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Colorado will apply.

RHODE ISLAND

1. The following language is added to the end of the “Summary” sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act (the “Act”) provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

SOUTH DAKOTA

1. The following language is added to the end of Item 5:

Pursuant to an order of the South Dakota Division of Insurance, Securities Regulation, payment of all initial fees to us or our affiliates is postponed until after all our initial obligations are complete and you have begun operating your Store.

VIRGINIA

1. The following language is added to the end of Item 5:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to us under the Franchise Agreement until we have completed our pre-opening obligations under the applicable agreement.

2. The following language is added to the end of the “Summary” section of Item 17(e), entitled **Termination by franchisor without cause**:

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 grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

1. The following matter is added to Item 3:

In re: Franchise No Poaching Provisions (TCBY Systems, LLC) (Case No. 19-2-24797-5; State of Washington, King County Superior Court). Beginning in January 2018, the Washington Attorney General launched a sweeping investigation into the use of non-solicitation and no-hire provisions in franchise agreements, with the stated goal of “eliminating no-poach clauses nationwide.” The Washington

Attorney General asserted that such no-poach provisions violated the Washington Consumer Protection Act. We elected, on September 23, 2019, to enter into an Assurance of Discontinuance (“AOD”) to avoid the time and expense of a protracted court action. Other than as a mechanism for the court to approve and enter the AOD, no court proceeding was initiated. Under the terms of the AOD, we agreed to: notify all franchisees that we entered into the AOD, not include no-poach provisions in our future agreements, not enforce such provisions in our existing franchise agreements, exercise reasonable commercial efforts to amend all existing franchise agreements with entities in Washington to remove any no-poach provisions in their existing agreement, and remove those provisions from existing agreements as they came up for renewal or renegotiation. Under its express terms, the AOD is not to be construed as an admission of law, fact, liability, misconduct, or wrongdoing on our part.

2. The following paragraph is added to the end of Item 5:

Based upon the financial condition of our parent company, the Director of the Department of Financial Institutions has imposed a financial assurance requirement. Therefore, we will defer collection of the initial franchise fee and other initial payments you owe us under the Franchise Agreement until we have completed all of our pre-opening obligations to you under the applicable agreement and your Store is open for business.

3. The following paragraph is added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the

agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“**we,**” “**us**” or “**our**”), and _____, a(n) _____ whose principal business address is _____ (“**you**”).

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of a Store is being made or was accepted in California, or (b) you are domiciled in California and the Store will be operated in California.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 6.1 of the Franchise Agreement:

Payment of all initial fees to us or our affiliates is postponed until after all our initial obligations are complete and you have begun operating your Store.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____

(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN HAWAII**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“**we**”), and _____, a(n) _____ whose principal business address is _____ (“**you**”).

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Hawaii, (b) the Store that you will operate under the Franchise Agreement will be located in Hawaii, and/or (c) you are domiciled in Hawaii.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 6.1 of the Franchise Agreement:

The State of Hawaii Business Registration Division requires us to defer collection of the initial franchise fee and other initial payments you owe us under this Agreement until we have completed all of our pre-opening obligations to you under this Agreement and you have begun operating your franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____

[Name]

Name: _____

By: _____

Title: _____

Name: _____

Date*: _____

Title: _____

(*This is the Effective Date)

Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“**we**”), and _____, a(n) _____ whose principal business address is _____ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer relating to the Franchise Agreement was made or accepted in Illinois and the Store that you will operate under the Franchise Agreement will be located in Illinois; and/or (b) you are domiciled in Illinois.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 6.1 of the Franchise Agreement:

Payment of the Initial Franchise Fees will be deferred until we have met our initial obligations to you, and you have commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

3. **GOVERNING LAW.** Section 17.4 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. sections 1 et seq.). Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois without regard to its conflict of laws rules.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added to the end of the Franchise Agreement:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Franchisees rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“**we**”), and _____, a(n) _____ whose principal business address is _____ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Store that you will operate under the Franchise Agreement will be located in Maryland.

2. **INITIAL FRANCHISE FEE.** The following is added to the end of Section 6.1 of the Franchise Agreement:

Based upon the financial condition of our parent company, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

3. **RELEASES.** The following is added to the end of Sections 3.1(c) and 12.3(e) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. **INSOLVENCY.** The following sentence is added to the end of Section 13.1(a) of the Franchise Agreement:

This Section 13.1(a) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 17.5 of the Franchise Agreement:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATIONS OF CLAIMS; WAIVER OF CLASS ACTION.** The following sentence is added to the end of Section 17.7 of the Franchise Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

7. **GOVERNING LAW.** Section 17.4 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state in which our corporate headquarters are then located (currently, Colorado), without regard to its conflict of laws rules, except that (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

8. **ACKNOWLEDGMENTS.** The following is added as a new Section 19 to the end of the Franchise Agreement:

19. **ACKNOWLEDGEMENTS.**

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.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“**we**”), and _____, a(n) _____ whose principal business address is _____ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Store that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota

2. **INFRINGEMENT AND CLAIMS.** The following sentence is added to the end of Section 10.4 of the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

3. **IN-TERM NON-COMPETE AND NON-SOLICITATION; POST-TERM NON-COMPETE AND NON-SOLICITATION.** Sections 11.1 and 11.2 of the Franchise Agreement will not be enforced to the extent prohibited by applicable law.

4. **RELEASES.** The following is added to the end of Sections 3.1(c) and 12.3(e) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **SUCCESSOR FRANCHISE AND OTHER RIGHTS AND REMEDIES.** The following is added to the end of Sections 3.1 and 13.2 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

6. **LOST REVENUE DAMAGES.** The following language is added to the end of Section 14.3 of the Franchise Agreement

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

7. **INJUNCTIVE RELIEF.** Section 17.1 of the Franchise Agreement is deleted and replaced with the following:

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required.

8. **GOVERNING LAW.** The following statement is added at the end of Section 17.4 of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 17.5 of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400j prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

10. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Section 17.6 of the Franchise Agreement is deleted.

11. **LIMITATIONS OF CLAIMS; WAIVER OF CLASS ACTION.** The following is added to the end of Section 17.7 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“**we**”), and _____, a(n) _____ whose principal business address is _____ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, (the “Franchise Agreement”). This Rider is being signed because (a) you are domiciled in the State of New York and the Store that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER - BY US.** The following language is added to the end of Section 12.1 of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following language is added to the end of Sections 3.1(c) and 12.3(e) of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **OTHER RIGHTS AND REMEDIES.** The following language is added to the end of Section 13.2 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW; CONSENT TO JURISDICTION.** The following statement is added at the end of Sections 17.4 and 17.5 of the Franchise Agreement:

This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____

Name: _____

Title: _____

Date*: _____

(*This is the Effective Date)

[Name]

By: _____

Name: _____

Title: _____

Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“we”), and _____, a(n) _____ whose principal business address is _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Store that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Sections 3.1(c) and 12.3(e) of the Franchise Agreement:

Any release required as a condition of renewal, and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **INITIAL FRANCHISE FEE.** The following language is added at the end of Section 6.1 of the Franchise Agreement:

Pursuant to an order of the North Dakota Securities Commissioner, we will defer collection of the initial franchise fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under this Agreement and you have begun operating your Store.

4. **IN-TERM NON-COMPETE AND NON-SOLICITATION AND POST-TERM NON-COMPETE AND NON-SOLICITATION.** The following is added to the end of Sections 11.1 and 11.2 of the Franchise Agreement:

Covenants not to compete and non-solicitation provisions such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

5. **LOST REVENUE DAMAGES.** The following language is added to the end of Section 14.3 of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

6. **ARBITRATION.** The first paragraph of Section 17.8 of the Franchise Agreement is amended to read as follows:

We and you agree that all controversies, disputes, or claims between us or our affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to:

- (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);
- (2) our relationship with you;
- (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 17.8, which we and you acknowledge is to be determined by an arbitrator, not a court); or
- (4) any System Standard

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the American Arbitration Association's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our then current principal place of business (currently, Broomfield, Colorado); provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

7. **GOVERNING LAW.** Section 17.4 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state in which our corporate headquarters are then located (currently, Colorado), without regard to its conflict of laws rules, except that any state law regulating the offer or sale of

franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

8. **CONSENT TO JURISDICTION.** The following is added to the end of Section 17.5 of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

9. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Section 17.6 of the Franchise Agreement is deleted.

10. **LIMITATIONS OF CLAIMS; WAIVER OF CLASS ACTION.** Section 17.7 of the Franchise Agreement is deleted in its entirety and replaced with the following paragraph:

Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced in accordance with this Agreement within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims. The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law. We and you agree that any proceeding will be conducted on an individual basis and that any proceeding between us and any of our Affiliates, or our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other proceeding, (iii) joined with any claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agent. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“we”), and _____, a(n) _____ whose principal business address is _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Store that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW / CONSENT TO JURISDICTION.** The following language is added to the end of Sections 17.4 and 17.5 of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____

(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“we”), and _____, a(n) _____ whose principal business address is _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in South Dakota and the Store that you will operate under the Franchise Agreement will be located in South Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **INITIAL FEES.** The following language is added to the end of Section 6.1 of the Franchise Agreement:

Payment of all initial fees to us or our affiliates is postponed until after all our initial obligations are complete and you have begun operating your Store.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____

(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“we”), and _____, a(n) _____ whose principal business address is _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the Store that you will operate under the Franchise Agreement will be located in Virginia.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 6.1 of the Franchise Agreement:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under this Agreement and you have commenced doing business.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____

(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

**WASHINGTON RIDER TO THE
FRANCHISE AGREEMENT, REPRESENTATIONS AND ACKNOWLEDGMENT
STATEMENT, AND RELATED AGREEMENTS**

THIS RIDER is made and entered into by and between **TCBY SYSTEMS, LLC**, a Delaware limited liability company whose address is 8001 Arista Place, Suite 420, Broomfield, Colorado (“we”), and _____, a(n) _____ whose principal business address is _____ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Store that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **INITIAL FRANCHISE FEE.** The following paragraph is added to the end of the Section 6.1 of the Franchise Agreement:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until we have fulfilled our initial pre-opening obligations under the Franchise Agreement and the Store is open for business.

3. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

TCBY SYSTEMS, LLC

FRANCHISE OWNER:

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

[Name]
By: _____
Name: _____
Title: _____
Date: _____

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT H

SAMPLE GENERAL RELEASE

TCBY SYSTEMS, LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

TCBY SYSTEMS, LLC (“we,” “us,” or “our”) and the undersigned [franchisee], _____

_____ (“you” or “your”), currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) dated _____, 20____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]_____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, owners, directors, managers, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our affiliates, and our and their current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "TCBY Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the TCBY Parties, including without limitation, Claims (1) arising out of or related to the TCBY Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the TCBY Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the TCBY Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE FRANCHISE YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE TCBY

PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE TCBY PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

TCBY SYSTEMS, LLC

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE OWNER

Print Name: _____

Title: _____

By: _____

Date: _____

Print Name: _____

Title: _____

By: _____

Date: _____

EXHIBIT I

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to TCBY Systems, LLC (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a TCBY franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days (10 business days in Michigan and New York) before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.</p>	<p>INITIAL:</p>
<p>My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.</p>	<p>INITIAL:</p>
<p>I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.</p>	<p>INITIAL:</p>

SPECIAL REPRESENTATION REGARDING RECEIPT OF FINANCIAL INFORMATION.

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.

Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success) other than information contained in the FDD?

Yes No (INSERT INITIAL HERE: _____)

If you selected "Yes," please describe the information you received on the lines below:

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

If the Store that you will purchase will be located in Maryland or if you are a resident of Maryland, the following will apply:

The representations made in this Representations and Acknowledgment Statement are not intended to, nor shall they act as a release, estoppels, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)

(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	November 4, 2021
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	November 4, 2021

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

RECEIPTS

**RECEIPT
(OUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If TCBY Systems, 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, TCBY Systems, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If TCBY Systems, 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 A.

The franchisor is TCBY Systems, LLC, 8001 Arista Place, Suite 420, Broomfield, Colorado 80021; (720) 599-3350. The franchise seller for this offering is:

Rich Hankins
TCBY Systems, LLC
8001 Arista Place, Suite 420
Broomfield, Colorado 80021
(720) 599-3350

Name of Franchise Seller: _____
Principal Business Address: _____

Telephone No.: _____

Name of Franchise Seller: _____
Principal Business Address: _____

Telephone No.: _____

Issuance Date: November 4, 2021.

See Exhibit A for TCBY Systems, LLC's registered agents authorized to receive service of process.

I have received a Disclosure Document dated November 4, 2021, that included the following Exhibits:

- | | | | |
|-----------|---|-----------|---|
| Exhibit A | State Administrators /
Agents for Service of Process | Exhibit G | State Addenda and Agreement Riders |
| Exhibit B | Franchise Agreement | Exhibit H | Sample General Release |
| Exhibit C | Table of Contents to Operations Manual | Exhibit I | Representations and Acknowledgment
Statement |
| Exhibit D | Assignment and Consent to Transfer | Exhibit J | Receipts |
| Exhibit E | List of Current and Former Franchisees | | |
| Exhibit F | Financial Statements | | |

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email, to TCBY Systems, LLC, 8001 Arista Place, Suite 420, Broomfield, Colorado 80021.
Phone: (720) 599-3350, Email: Rhankins@famousbrandsintl.com.

**RECEIPT
(YOUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If TCBY Systems, 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, TCBY Systems, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If TCBY Systems, 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 A. The franchisor is TCBY Systems, LLC, 8001 Arista Place, Suite 420, Broomfield, Colorado 80021; (720) 599-3350. The franchise seller for this offering is:

Rich Hankins
TCBY Systems, LLC
8001 Arista Place, Suite 420
Broomfield, Colorado 80021
(720) 599-3350

Name of Franchise Seller: _____
Principal Business Address: _____

Telephone No.: _____

Name of Franchise Seller: _____
Principal Business Address: _____

Telephone No.: _____

Issuance Date: November 4, 2021.

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Exhibit E	List of Current and Former Franchisees		
Exhibit F	Financial Statements		

Date

Signature

Printed Name

Date

Signature

Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.