

FRANCHISE DISCLOSURE DOCUMENT



Donut King Systems, LLC
a Delaware limited liability company
Convene, Floor 8, Suite 803
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Chicago, Illinois 60607
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www.donutking.com
rfginternational@rfg.com.au

The franchise offered is to operate a Donut King retail outlet (a “Donut King Store” or “Store”) selling donuts, hot and cold beverages (including tea, coffee, hot chocolate, cans, bottles and packaged drinks, fruit juices, milk shakes, thick shakes and frozen carbonated beverages), cinnamon toast, raisin toast, sweet and savory pastries, pre-made sandwiches, hot dogs and other foods.

The total investment necessary to begin operation of a DONUT KING franchise is as follows:

Small DONUT KING store/Kiosk	\$210,800 to \$265,000. This includes \$12,500 to \$20,000 that must be paid to the franchisor or its affiliates.
DONUT KING store without drive-thru	\$233,300 to \$293,500. This includes \$12,500 to \$20,000 that must be paid to the franchisor or its affiliates.
DONUT KING store with drive-thru	\$242,300 to \$331,500. This includes \$12,500 to \$20,000 that must be paid to the franchisor or its affiliates.

We offer qualified candidates an Area Development Agreement under which the franchisee commits to develop a specified number of DONUT KING stores within a defined geographic area. The total investment necessary for an Area Development Agreement is \$23,750 to \$32,500, assuming a commitment of 3 to 5 Donut King Stores. This includes \$18,750 to \$22,500 that must be paid to the franchisor. Unless otherwise agreed, the minimum number of stores you will be required to develop under the Area Development Agreement is three.

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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Retail Food Group (USA) at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, tel. (773) 270-2900, rfginternational@rfg.com.au.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like 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 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 listed on **Exhibit 1** 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: December 6, 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 Exhibits 9 and 10.
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 11 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 Donut King store 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 Donut King franchisee?	Item 20 or Exhibits 9 and 10 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING GENERALLY

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

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

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

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

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

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

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

SOME STATES REQUIRE REGISTRATION

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 1.

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

SPECIAL RISKS TO CONSIDER ABOUT THIS FRANCHISE

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

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

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

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT OR AREA DEVELOPMENT AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT 13.

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

This disclosure document describes DONUT KING franchises. In this disclosure document:

“Franchisor”, “we”, “us”, and “our” mean Donut King Systems, LLC, the franchisor.

“You”, “your”, and “Franchisee” refer to the individual or company that enters into a Franchise Agreement with us.

If the Franchisee is a corporation, partnership or limited liability company, the owners of the Franchisee are required to guarantee the company’s obligations and be bound by the provisions of the franchise agreement and other agreements as described in this disclosure document.

Franchisor, Parent, and Affiliates

Donut King Systems, LLC is a Delaware limited liability company formed on October 3, 2017. Our business address is Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607. We do business under the “Donut King Systems, LLC” and “Donut King” names.

The Donut King concept originated in Australia. We began offering franchises for single unit “Donut King” stores (each, a “Donut King Store” or “Store”) in the USA in April 2021. We do not operate any Donut King Stores in the USA. As of the date of this disclosure document, our affiliates had 214 Donut King outlets operating in Australia and 6 Donut King outlets operating in New Zealand and Indonesia.

Our ultimate parent company in the USA is Retail Food Group USA, Inc. (“RFG USA”). RFG USA was incorporated in Delaware on August 11, 2008 under the name Praise International North America Inc. and changed its name to Retail Food Group USA, Inc. on November 17, 2015. RFG USA is wholly owned by Praise Holdings, LLC (“Praise Holdings”), a California limited liability company. Praise Holdings is wholly owned by PRCH Holdings Pty Ltd (“PRCH”), an Australian Proprietary Company. PRCH is wholly owned by our ultimate parent company, Retail Food Group Limited (“RFG Ltd”), an Australian Company established in 1989. RFG Ltd is Australia's largest multi-brand retail food franchisor and a leading wholesale coffee roaster and its shares are traded on the Australian Securities Exchange. Through affiliates and subsidiaries, RFG Ltd operates or franchises approximately 1,800 outlets on five continents under 10 brands, including Gloria Jean’s Coffees, It’s a Grind, Donut King, Michel’s, Brumby’s Bakery, Esquires Coffee, Café2U, The Coffee Guy, Pizza Capers, and Crust. RFG Ltd’s principal business address is Level 4, 35 Robina Town Centre Drive, Robina, Queensland 4226, Australia.

We have no predecessor, but we have a number of affiliates that have offered franchises or that provide goods or services to our franchisees, as described below:

- Donut King Australia Pty Ltd (“Donut King Australia”) operates Donut King Stores and offers “Donut King” franchises in Australia. As of the date of this disclosure document, Donut King Australia has approximately 214 Donut King Stores in Australia that it operates or are operated by franchisees.

- International Franchisor Pty Ltd, an Australian company, offers Donut King master franchises internationally (other than in Australia) and currently operates master franchises in New Zealand and Indonesia. International Franchisor Pty Ltd also offers master franchises internationally for a number of other brands owned by RFG Ltd, including Crust, Michel's, Brumby's Bakery and Pizza Capers.
- Gloria Jean's Gourmet Coffees Franchising Corp. ("GJGCF Corp.") offers franchises in the USA and Puerto Rico for the right to own and operate retail stores under the "Gloria Jean's Coffees" name and Marks ("GJC Stores"). As of July 2, 2021, GJGCF Corp. had 52 franchised GJC Stores in operation in the USA.
- Gloria Jean's Coffees International Pty Ltd ("GJCI") holds the right to franchise Gloria Jean's® coffee shops in all countries except the USA and Puerto Rico. GJCI grants master franchise rights to affiliates and third parties to operate and subfranchise Gloria Jean's® coffee shops. Through these arrangements, GJCI currently has approximately 700 franchised coffee shops in dozens of markets world-wide, with approximately 245 of those stores located in Australia.
- Gloria Jean's Gourmet Coffees Corp. ("GJGC Corp") owned and operated GJC Stores from August 1979 to September 2011 and offered franchises for GJC Stores from 1985 through May 1986.
- Praise IAG Franchisor LLC ("Praise IAG") previously offered franchises in the United States and elsewhere for IT'S A GRIND® stores ("IAG Stores"). GJGCF Corp. has offered all remaining IT'S A GRIND® franchisees the option to convert their stores to franchised GJC Stores; however, the franchisees are under no obligation to do so. As of July 2, 2021, there were two remaining franchised IAG Stores in the USA.
- Praise Operations Company, LLC provides support services such as marketing, sales, and distribution to Donut King Stores.

Except as described above, neither we nor our affiliates have engaged in any other line of business or offered franchises in any other lines of business. RFG USA and our other US affiliates all have the same business address as ours. PRCH and our other international affiliates have the same business address as RFG Ltd.

Agents for Service of Process

Our agents for service of process in states that require franchise registration are disclosed in **Exhibit 1.**

The Donut King Franchise

We offer a franchise to qualified persons to own and operate a single Donut King Store at a location we approve, under the terms of our standard franchise agreement, attached as **Exhibit 2** (the “Franchise Agreement”). There may be instances where we have or will vary the terms to suit the circumstances of a particular transaction. We may have offered franchises in the past which may significantly differ from those offered by this disclosure document. If you are an existing franchisee of a Donut King Store and desire to acquire another franchise, you must sign the form of general release attached as **Exhibit 8** (the “General Release”) as a condition to your acquisition of an additional franchise.

Donut King Stores offer and sell donuts, hot dogs, related products (such as cinnamon toast), cold and hot beverages including specialty roasted espresso coffee, accessories and gifts, and such other products and services as we may authorize or approve (the “Products”). We anticipate that Donut King Stores in the USA predominantly will operate in leased locations in suburban lifestyle centers, strip centers, and malls, as they do in other countries, and occasionally as stand-alone locations. If you purchase a franchise for a street location, you will sign our Territory Addendum for Street Location, which is in **Exhibit 4** to this disclosure document, together with the Franchise Agreement.

In addition, we offer franchises to operate a DONUT KING Kiosk (“Donut King Kiosk”). Donut King Kiosks are specially designed to feature the retail sale of certain Products we approve for Donut King Kiosks, principally specialty donuts, and a very limited amount of other Products we approve under the terms of the Franchise Agreement, as modified by our standard Kiosk Addendum attached as **Exhibit 3** (the “Kiosk Addendum”). Donut King Kiosks are suitable for various locations, including office buildings, public buildings and other locations where the operation of a full Donut King Store is not feasible. Unless the context indicates otherwise, all references to Donut King Stores in this disclosure document include Donut King Kiosks.

We may offer qualified persons the right to develop multiple Donut King Stores under the area development agreement attached as **Exhibit 5** (the “Area Development Agreement”). The development schedule included in the Area Development Agreement (the “Development Schedule”) will specify the dates by which you must open each Donut King Store. For each Donut King Store you develop under the Area Development Agreement, you must sign our then-current form of Franchise Agreement that we offer to new franchisees, the terms and conditions of which may be substantially different from those contained in the Franchise Agreement attached to this disclosure document. Unless otherwise agreed, the minimum number of stores you will be required to develop under the Area Development Agreement is three.

Donut King Stores operate under a standardized format, signs, equipment, layout, systems, and procedures using distinctive architectural designs and certain authorized trademarks, service marks, trade dress and other commercial symbols, including “Donut King,” which we may change (the “Marks”). We will provide you with electronic access during the term of the franchise to the operating manuals for a Donut King Store, which consists of one or more manuals (collectively the “Operating Manual”). The Operating Manual contains mandatory and suggested specifications, standards, operating procedures and policies we prescribe, and information about your other obligations under the Franchise Agreement. You must comply with all mandatory specifications, standards, operating procedures, and policies, whether contained in the Operating Manual or otherwise communicated to you, relating to the operation of your Store. This includes the *Policy Regarding Modern Slavery Practices* adopted by Retail Food Group Limited (which you may access online at <https://riot.worldmanager.com/admin/login-next.php> or <https://www.rfg.com.au/shareholder-centre/corporate-governance>).

Market and Competition

The specialty donut and gourmet coffee market is well developed and highly competitive. You will compete for sales of donuts, hot dogs and gourmet espresso coffees with other businesses offering similar products, including other national and regional chains and franchises, grocery stores, individual gourmet food stores, delicatessens, fast food operations, restaurants offering donuts, hot dogs and gourmet coffees, and other Donut King Stores.

Your Store will compete against other specialty donut and gourmet coffee stores. The attractiveness of the specialty donut and gourmet coffee market may draw additional competitors with substantially greater financial, marketing and operating resources than us. With low barriers to entry, competition is expected to increase from national and regional chains and local specialty stores.

The performance of the Store may also be affected by factors such as traffic patterns, popularity of the site, and proximity of competing stores. In addition, factors such as inflation, increased costs (including minimum wage) and the availability of experienced management and hourly employees may adversely affect the specialty donut and gourmet coffee business and the Store. Wholesale prices for raw ingredients (such as flour, cheese etc.) may be adversely affected by events in the producing countries, weather, political and economic conditions.

Applicable Regulations

We are not aware of any laws applicable to Donut King Stores that would not apply to restaurant businesses generally. To operate a retail specialty donut store, you will be required to comply with all applicable local, state and federal laws, including health, nutrition labeling, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws, and laws relating to access by persons with disabilities. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must obtain all required real estate permits, licenses and operational licenses.

You should consult with your attorney and local, state and federal government agencies before buying your Donut King franchise to determine all legal requirements and consider their effects on you and the cost of compliance. It is solely your responsibility to investigate and satisfy all local, state and federal laws, since they vary from place to place and can change over time. During the term of the Franchise Agreement, you must, at all times, develop, maintain and operate the Store in compliance with all Donut King system standards, as we may modify or supplement in the future.

ITEM 2

BUSINESS EXPERIENCE

General Manager – International of RFG Ltd.: Grant Fischer

Mr. Fischer has been General Manager – International of our parent company, Retail Food Group Limited (Australia), since June 2015. His responsibilities include overseeing our operations in the USA.

Chief Financial Officer of RFG Ltd.: Peter McGettigan

Mr. McGettigan has been Chief Financial Officer of our parent company, Retail Food Group Limited (Australia), since February 2012. His responsibilities include overseeing our financial matters in the USA.

ITEM 3

LITIGATION

Australian Competition and Consumer Commission v. Retail Food Group Limited (ACN 106 840 082), et al., File No. NSD1333/2020, New South Wales Registry - Federal Court of Australia, filed December 12, 2020. The Australian Competition and Consumer Commission (ACCC) filed this action in Australia against our ultimate parent company, Retail Food Group Limited, and certain affiliates (collectively "RFG"), including our affiliate that operates the DONUT KING franchise system in Australia. The ACCC alleges "a system or pattern of unconscionable behavior" and false, misleading or deceptive conduct by the respondents relating to the sale or license and franchise of 42 company-owned Donut King, Michel's Patisserie, Brumby's Bakery, and Gloria Jean's Coffee stores in Australia. The filing alleges that between 2015 and 2019, RFG sold or licensed these corporate stores to incoming franchisees knowing that the stores had been operating at a loss but without disclosing this fact or the extent of those losses, making false or misleading representations to incoming franchisees that the stores were viable or profitable, and exploiting the information asymmetry so that the incoming franchisees made a substantial investment of money and/or time to acquire and operate one of the stores. The filing also alleges that RFG made improper payments from marketing fund accounts and failed to properly disclose marketing expenditures to franchisees. The ACCC contends that these actions are in breach of the Australian Consumer Law (ACL), the Franchising Code of Conduct (Code), and the Competition and Consumer Act 2010 (CCA). The ACCC is seeking declarations, injunctions, pecuniary penalties, disclosure and adverse publicity orders, a compliance program order, non-party redress orders, and costs. RFG has filed a comprehensive Defence which fully responds factually and in substantial detail to the ACCC's allegations. The ACCC has filed its Reply & Answer to the Respondent's Defence. The matter is due for further directions in early 2022.

Other than this action, no litigation is required to be disclosed in this disclosure document.

ITEM 4

BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Agreement

If you are a new franchisee purchasing a franchise for your first Donut King outlet, you must pay us an initial franchise fee of \$15,000.

If you are an existing Donut King franchisee purchasing a franchise for an additional outlet, our current policy is to reduce the initial franchise fee to \$7,500. We have the right to change or discontinue this policy without notice.

The initial franchise fee is payable when you sign the Franchise Agreement. The initial franchise fee is fully earned by us when paid and is not refundable under any circumstances.

Opening Inventory

Before opening the Store, you must also purchase your opening coffee inventory from RFG USA via our designated independent distributor. You will decide the amount of initial coffee inventory you wish to purchase. We estimate that you will need an initial coffee inventory ranging from \$3,500 to \$6,000 for a Donut King Store and from \$2,400 to \$3,500 for a Donut King Kiosk. All amounts paid for coffee inventory are non-refundable.

Grand Opening Fee

You must pay a Grand Opening Fee of \$5,000 to us or vendors approved by us for a grand opening advertising, marketing and promotion package. This fee is due before you attend the initial training program, if the Store is your first Donut King franchise.

Area Development Agreement

If we offer and you sign an Area Development Agreement, you must pay us a development fee equal to 50% of the initial franchise fees for the Donut King Stores you commit to open, as determined under "Franchise Agreement" above. For example, if you are a new franchisee who signs an Area Development Agreement with a commitment of 5 Donut King Stores, the development fee will be $\frac{1}{2} \times (\$15,000 + \$7,500 + \$7,500 + \$7,500 + \$7,500) = \$22,500$. If you are an existing franchisee who signs an Area Development Agreement with a commitment of 5 Donut King Stores, under our current fee reduction policy the development fee will be $\frac{1}{2} \times (\$7,500 + \$7,500 + \$7,500 + \$7,500 + \$7,500) = \$18,750$.

The development fee is due when you sign the Area Development Agreement, is fully earned when paid, and is non-refundable, even if you do not sign any Franchise Agreements or open any Donut King Stores.

When you sign the Franchise Agreement for each Donut King Store required by the Development Schedule, you must pay us the balance of the initial franchise fee for that Store.

ITEM 6

OTHER FEES

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6% of Gross Sales. ²	Your bank account will be debited weekly on each Thursday for the Royalty Fee due from the preceding week's Gross Sales. ³	
Marketing Fund Contributions	Maximum of 3% of Gross Sales; currently, 2% of Gross Sales.	Same time and manner as Royalty Fee.	See Item 11 for a detailed discussion of the Marketing Fund.
Audit Expenses	Our actual costs of audit.	10 days after receipt of inspection or audit report.	Payable only if audit shows you understated Gross Sales by greater than 2%. Payment of costs is in addition to paying the royalties and marketing fees due, plus interest.
Indemnification	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims, damages or obligations arising from unauthorized agreements or representations, your operation of the Store and your business and certain taxes.
Assignment Fee	\$5,000	Prior to consummation of transfer.	Payable when we approve a transfer of the Franchise Agreement, the franchise, the Store or its assets or any interest in you.
Renewal Fee	\$7,500	Prior to the grant of a renewal franchise.	This fee will be prorated if your lease term is shorter than the 10-year renewal term.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Repairs, Renovations, Maintenance Expense, Insurance	Our actual costs.	As incurred.	Payable if you do not maintain the condition and appearance of the Store or refurbish it in accordance with our standards or if you do not purchase the required insurance and we do so on your behalf.
Interest and Late Fees	Highest legal rate for open account business credit in the state in which the Store is located, not to exceed 1.5% per month and a late fee of \$250 per occurrence subject to applicable law.	All amounts owed to us or our affiliates will bear interest after their due date.	
Advertising and Promotional Materials	Our actual costs of production and delivery.	As incurred.	Payable if you elect to purchase such materials from us and we elect to charge for them.
Required Purchases	Will vary under circumstances.	Initial inventory purchases payable prior to opening, ongoing purchases are payable within 30 days of order.	No required purchases from us or our affiliates as of the date of this disclosure document, but we have the right to require them.
POS Software Fee	\$100 per month per Store.	Monthly.	The total current fee is \$125 per month, of which you pay \$100 and we pay \$25 to our POS system vendor. We have the right to charge our \$25 to the Marketing Fund when it begins operating.
PCI Fee	Included in POS Software Fee	Monthly.	Part of the monthly POS Software Fee is used to offset expenses incurred in complying with Payment Card Industry Data Security Standards (PCI/DSS).

Explanatory Notes

1/ Unless otherwise noted, all fees are non-refundable, payable to us, and uniformly imposed on all franchisees receiving this offering. You must participate in our electronic reporting and funds transfer program, which (among other things) authorizes us to utilize a pre-authorized bank draft system.

2/ “Gross Sales” means the total actual gross charges for all products and services sold to customers of the Store, for cash or credit, whether such sales are made at or from the premises of the Store, or any other location or channel of distribution if approved by us, but excluding: (1) sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds and adjustments.

3/ Before you open your Store, you must sign and deliver all documents needed to permit our representative to debit your bank account for payments due to us and our affiliates. However, you must pay all amounts due by means other than automatic debit whenever we deem appropriate.

Other Fees - Area Development Agreement:

Type of Fee	Amount	Due Date	Remarks
Transfer Fee – Area Development Agreement	\$5,000	At time of transfer	Payable when we approve a transfer of the Development Agreement or any interest in you.
Indemnification	All costs, including attorneys’ fees	As incurred	You must reimburse us for all damages arising from your activities.

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ITEM 7

ESTIMATED INITIAL INVESTMENT

**YOUR ESTIMATED INITIAL INVESTMENT
FOR A SMALL DONUT KING STORE/KIOSK (UNDER 250 SF)**

TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ²	\$7,500	\$15,000	Lump sum	On signing Franchise Agreement ²	Us
Real Estate (Rent and Security Deposit) ³	\$4,000	\$8,000	As Agreed	As Agreed with Landlord	Landlord
Leasehold Improvements ⁴	\$80,000	\$100,000	As Agreed	As incurred	Outside Suppliers
Equipment, Furniture and Fixtures ⁵	\$70,000	\$80,000	As Agreed	As incurred	Outside Suppliers
Signage ⁶	\$8,000	\$8,000	As Agreed	As incurred	Outside Suppliers
Professional Design Fees	\$6,000	\$8,000	As Agreed	As incurred	Outside Suppliers
Point of Sale System	\$3,800	\$5,000	As Agreed	As incurred	Designated Supplier
Initial Coffee Inventory ⁷	\$3,500	\$4,500	As Agreed	As incurred	Designated Supplier
Other Initial Inventory and Supplies	\$4,500	\$5,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee ⁸	\$5,000	\$5,000	As Agreed	As Incurred	Us or Outside Suppliers
Training Expenses ⁹	\$3,500	\$5,000	As Agreed	As Incurred	Outside Suppliers
Miscellaneous Opening Costs ¹⁰	\$5,000	\$6,000	As Agreed	As Incurred	Outside Suppliers
Additional Funds 3 months ¹¹	\$10,000	\$15,000	As Agreed	As Incurred	Employees, Suppliers, Etc.
TOTAL ESTIMATED INITIAL INVESTMENT¹²	\$210,800	\$265,000			

**YOUR ESTIMATED INITIAL INVESTMENT
FOR A REGULAR DONUT KING STORE (AT LEAST 250 SF) WITHOUT DRIVE-THRU**

TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ²	\$7,500	\$15,000	Lump sum	On signing Franchise Agreement ²	Us
Real Estate (Rent and Security Deposit) ³	\$4,000	\$10,000	As Agreed	As Agreed with Landlord	Landlord
Leasehold Improvements ⁴	\$100,000	\$120,000	As Agreed	As incurred	Outside Suppliers
Equipment, Furniture and Fixtures ⁵	\$70,000	\$80,000	As Agreed	As incurred	Outside Suppliers
Signage ⁶	\$8,000	\$12,000	As Agreed	As incurred	Outside Suppliers
Professional Design Fees	\$6,000	\$8,000	As Agreed	As incurred	Outside Suppliers
Point of Sale System	\$3,800	\$5,000	As Agreed	As incurred	Designated Supplier
Initial Coffee Inventory ⁷	\$5,000	\$6,000	As Agreed	As incurred	Designated Supplier
Other Initial Inventory and Supplies	\$5,500	\$6,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee ⁸	\$5,000	\$5,000	As Agreed	As Incurred	Us or Outside Suppliers
Training Expenses ⁹	\$3,500	\$5,000	As Agreed	As Incurred	Outside Suppliers
Miscellaneous Opening Costs ¹⁰	\$5,000	\$6,000	As Agreed	As Incurred	Outside Suppliers
Additional Funds 3 months ¹¹	\$10,000	\$15,000	As Agreed	As Incurred	Employees, Suppliers, Etc.
TOTAL ESTIMATED INITIAL INVESTMENT¹²	\$254,500	\$293,500			

**YOUR ESTIMATED INITIAL INVESTMENT
FOR A DONUT KING STORE WITH DRIVE-THRU**

TYPE OF EXPENDITURE ¹	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ²	\$7,500	\$15,000	Lump sum	On signing Franchise Agreement ²	Us
Real Estate (Rent and Security Deposit) ³	\$8,000	\$15,000	As Agreed	As Agreed with Landlord	Landlord
Leasehold Improvements ⁴	\$100,000	\$140,000	As Agreed	As incurred	Outside Suppliers
Equipment, Furniture and Fixtures ⁵	\$70,000	\$90,000	As Agreed	As incurred	Outside Suppliers
Signage ⁶	\$12,000	\$14,000	As Agreed	As incurred	Outside Suppliers
Professional Design Fees	\$8,800	\$10,000	As Agreed	As incurred	Outside Suppliers
Point of Sale System	\$2,000	\$4,000	As Agreed	As incurred	Designated Supplier
Initial Coffee Inventory ⁷	\$5,000	\$6,000	As Agreed	As incurred	Designated Supplier
Other Initial Inventory and Supplies	\$5,500	\$6,500	Lump Sum	As Incurred	Outside Suppliers
Grand Opening Fee ⁸	\$5,000	\$5,000	As Agreed	As Incurred	Us or Outside Suppliers
Training Expenses ⁹	\$3,500	\$5,000	As Agreed	As Incurred	Outside Suppliers
Miscellaneous Opening Costs ¹⁰	\$5,000	\$6,000	As Agreed	As Incurred	Outside Suppliers
Additional Funds 3 months ¹¹	\$10,000	\$15,000	As Agreed	As Incurred	Employees, Suppliers, Etc.
TOTAL ESTIMATED INITIAL INVESTMENT¹²	\$247,300	\$331,500			

Explanatory Notes

- 1/ **Expenditures.** All amounts payable to us and affiliates are non-refundable.
- 2/ **Initial Franchise Fee.** See Item 5 for details regarding the initial franchise fee.
- 3/ **Real Estate.** Your real estate costs will vary depending upon many factors, including whether the property is purchased or leased, specific landlord requirements, the size, type, condition and location of the property, and the availability of financing on commercially reasonable terms. A Donut King Store typically will be located in a regional shopping center. The approximate size of a regular Donut King Store located in a mall or shopping center is 250 to 1,200 square feet. The approximate size of a small Donut King Store or Kiosk is 250 square feet or less. The Donut King Kiosk may require an additional 100 to 200 square feet for remote storage, support equipment, and commissary operations as required by the health department in certain jurisdictions. The approximate size of a Donut King Store for a street location is 1,000 to 1,200 square feet without a drive-thru and 1,200 to 1,500 square feet with a drive-thru; however, we expect street locations to be relatively rare. Rents vary widely; you should research these costs and other lease terms in your area before making any commitments. Rental payments are often based on a minimum annual rent, plus a percentage of gross sales. In addition to rent, you may be obligated to pay other charges, including a proportionate share of real estate taxes, utility, heat, air conditioning, security, maintenance and other expenses of the shopping center, building or structure in which the Store is located.
- 4/ **Leasehold Improvements.** The development costs associated with the various types of Donut King outlets can vary widely. There are many factors and variables that should be thoroughly investigated by an approved and competent design and/or construction consultant so as to fully understand the estimated costs of the entire development, especially prior to making a commitment. One item that can dramatically impact the cost of a development is the existence, or lack thereof, of necessary utilities and the cost for upgrading these utilities if required by your development. Other examples are landlord construction requirements or labor costs. Quite often, infrastructure (i.e. electrical and plumbing utilities, grease traps when requested, air conditioning, drive-thru lanes, etc.) can be furnished by and at the landlord's expense and compensated for by you (the tenant) in the form of increased rents rather than as a direct cash expenditure for development costs by the tenant. You, your financial consultant and/or attorney should carefully evaluate this and other financial arrangements, before finalizing the lease.
- 5/ **Equipment, Furniture and Fixtures.** The cost of the equipment, furniture, fixtures, music system and other equipment includes the estimated costs of all such items that are necessary to open and operate your Store in compliance with our standards and specifications.
- 6/ **Signage.** Before you sign a lease, you must obtain a sign drawing that meets all our specifications and is specific to your location ("Approved Sign Criteria"). You must obtain a final approved sign plan ("Approved Sign Plan") from us and/or our designee and have the sign drawing and sign plan incorporated into your lease. You must remove and replace at your cost any sign at the Store location that does not meet the Approved Sign Criteria and Approved Sign Plan.
- 7/ **Initial Coffee Inventory.** The amount of coffee you purchase will depend on the size and location of the Store. The amount of initial inventory can be in excess of twice these figures if you open the Store during the November-December holiday season.

8/ **Grand Opening Advertising Expenditures.** You must pay us or vendors approved by us a fee of \$5,000 for a grand opening advertising, marketing and promotion package. We will advise you in connection with the grand opening, which you must conduct in accordance with our standard plans, as adapted for the Store. The grand opening package will be in the form, and using the advertising and promotional campaign and materials, specified by us, and will include, but not be limited to direct marketing materials and production-ready, customized promotional slicks/items.

9/ **Training Expenses.** As described in Item 11, we will train you (or your Managing Owner) and your approved manager(s) at no charge. You are responsible for the wages, travel, and living expenses of the attendees. See Item 11 for details.

10/ **Miscellaneous Opening Costs.** This item covers miscellaneous opening costs and expenses such as installation of telephone lines, utility deposits, landlord chargebacks, hiring and training costs, business permits and licenses, legal and accounting expenses and insurance premiums.

11/ **Additional Funds.** Additional Funds is an estimate of funds needed to cover business (not personal) expenses during the first 3 months of operation of the franchised business. Your actual costs may be higher. You will need capital to support on-going costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, to the extent that revenues do not cover business costs. New businesses (franchised or not) often have larger expenses than revenues. As with most businesses, your costs will depend on factors such as how much you follow our recommended methods and procedures, your management, marketing and general business skills, local economic conditions, the local market for your products and services, competition, local cost factors and your sales levels. In addition, the estimates presented relate only to costs associated with the franchised business and do not cover any personal, "living" or other expenses you may have. We recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you are self-sufficient and need not draw funds from the franchised Donut King business to support your "living" and other expenses during the initial start-up phase.

12/ **Total Estimated Initial Investment.** Unless noted otherwise in Item 10 below, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have to offer, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

We relied on more than 10 years of experience in the retail food business in compiling these estimates. We have also used the experience of the franchisees of our affiliates.

**YOUR ESTIMATED INITIAL INVESTMENT
FOR AN AREA DEVELOPMENT AGREEMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (See Note 1)	\$18,750 to \$22,500	Lump sum	When you sign ADA	Us
Legal, Accounting and other Fees (See Note 2)	\$5,000 to \$10,000	As Arranged	As Arranged	Third Parties
TOTAL (See Note 3)	\$23,750 to \$32,500			

Explanatory Notes:

(1) The range assumes that you are a new franchisee and that the Area Development Agreement has a commitment of 3 to 5 Donut King Stores. The range would be lower if you are an existing Donut King franchisee (see Item 5).

(2) You may incur additional legal, accounting and other fees for reviewing the Area Development Agreement.

(3) For each Donut King Store you develop under the Area Development Agreement, you will also incur the expenses in the applicable table above in this Item 7.

* * *

All payments to us in this Item are non-refundable. Whether payments made to others are refundable will depend on your arrangements with them.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use in the development and operation of the Store those fixtures, items of equipment, including cash registers and computer systems, storefront, supplies and signs that we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must place or display at the premises of the Store (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve in writing. If you propose to purchase, lease or otherwise use any fixture, equipment, supply or sign that we have not approved, you must first notify us in writing and submit to us sufficient specifications, photographs, drawings and/or other information or samples for us to determine whether the fixture, equipment, storefront, supply or sign complies with our specifications and standards. Our determination will be made and communicated to you in writing within a reasonable time. Our specifications are part of the Operating Manual (see Item 1) which we make available to you after you sign the Franchise Agreement and pay the initial franchise fee. You may only use approved suppliers to develop the Store.

The reputation and goodwill of Donut King Stores is based upon, and can be maintained only by, the sale of high quality products. You may only offer for sale from the Store authorized Products and other goods and services we approve. You must purchase only from us all Products and services supplied by us, and purchase only from approved suppliers all Products and services not supplied by us. We may modify the list of approved Products and/or approved suppliers and you may not, after you receive written notice of such modification, sell or reorder any product from any supplier that we have determined is no longer acceptable. The current list of approved products and suppliers is found in the Operating Manual. We may make changes to these lists or other parts of the Operating Manual, which we will provide to you. You must comply with our Supplier Code of Conduct, including the requirement to include in your contracts with suppliers an obligation that the supplier comply with this Code.

We use an independent coffee roaster to produce coffee beans for our Stores. The designated coffee roaster is the only approved supplier of roasted coffee beans to Donut King Stores. The coffee roaster is not our affiliate, but sources and roasts coffee beans according to our specifications and private-labels the coffee under the Donut King brand. Currently, RFG USA purchases the coffee from the roaster and re-sells it to an authorized distributor, who re-sells it to franchisees. RFG USA will receive a mark-up on resale of the coffee to the authorized distributor.

Until July 2021, our former affiliate, Di Bella Coffee, LLC, was the only approved supplier of coffee. For the fiscal year ended July 2, 2021, Di Bella Coffee's revenue from franchisees' purchases of required products/services was \$1,318,742. As we do not yet have Donut King Stores in the USA, all of these purchases were by franchisees of our affiliates, GJC and It's A GRIND®. The revenue figure is from Di Bella Coffee's unaudited statement of operations. We estimate that your required purchases of coffee beans will represent about 5% of your overall purchases in connection with the establishment of your Donut King Store and 35% to 40% of your overall purchases in connection with the ongoing operation of your Store.

We require new franchisees to use the TASK point of sale system (the "POS System") in their Donut King Stores. The owner of the POS System is TASK Software, an Australian company with its US

office at 909 West Laurel St., San Diego, California 92101. TASK Software is not our affiliate. Please see Item 11 for further information.

As of the date of this disclosure document, neither we nor any of our affiliates are approved suppliers of any product or service that franchisees are required to purchase. However, we reserve the right to name ourselves or an affiliate as the sole supplier or as an approved supplier for particular goods or services in the future.

We and our affiliates have the right to receive rebates, incentive amounts, discounts, commissions and other economic benefits from unaffiliated suppliers, in addition to receiving a profit on our sales of products and/or services to you. As of the date of this disclosure document, we and our affiliates have not received any rebates from suppliers because of transactions with Donut King franchisees in the USA.

In addition to the approved coffee roaster and TASK Software, we may negotiate purchase arrangements with other suppliers for the benefit of our franchisees, which may include price terms. We do not provide you material benefits based on your use of designated or approved suppliers.

You are not allowed to offer coffee beans for sale on a wholesale basis, that is, to a customer who proposes to re-sell the beans or to use the beans in a business.

All advertising and promotional materials, including materials you intend to use in any digital or electronic media, must be approved by us, must be completely factual, and must conform to the highest standards of ethical advertising and our requirements and specifications. You cannot use any advertising or promotional materials that we have not approved or that we have disapproved.

You must purchase insurance in accordance with our requirements and furnish us with copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request or permit.

We will have the right to approve, approve with modification, or disapprove the proposed lease or purchase agreement for your Store location. We will use our reasonable best efforts to notify you within 20 days after our receipt of the proposed lease or purchase agreement. We may require that you sign a lease rider (the "Lease Rider") with your landlord, the current form of which is attached to the Franchise Agreement in **Exhibit 2** to this disclosure document. You must also collaterally assign your lease to us by signing the Collateral Assignment of Lease attached as **Exhibit 6** (the "Collateral Assignment"). Under the Collateral Assignment, we or our designee will have the right to take possession of the premises if you default under the lease, the Franchise Agreement or any other agreement with us or our affiliates. You must deliver to us a copy of the fully signed lease and Lease Rider immediately after its full execution.

If you propose to sell any product that we have not approved or to purchase from a supplier that we have not approved, you must first notify us in writing and submit sufficient photographs, drawings, specifications, samples and/or other information concerning the product and/or the supplier. We will notify you in writing within 45 days after receiving all requested information whether or not the proposed product and/or supplier is acceptable. We will make our criteria for approving suppliers available to you on request. We require any supplier applying for approval to allow our affiliates or us to inspect the proposed supplier's facilities to assist us in determining if the proposed supplier meets our

criteria. We do not charge any fees for receiving proposed suppliers. We may approve a supplier for any products and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices and/or services for Donut King Stores. Approval of a supplier may be conditioned on requirements related to the frequency of delivery, standards of service, prompt attention to customer complaints, consistency, and reliability. Approval may be temporary, pending our further evaluation of the supplier. We can revoke approval of a product or supplier by written notice at any time if we determine that the product or supplier no longer meets our criteria.

We estimate that substantially all of your expenditures for leases and purchases in establishing your Donut King Store and on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in our franchise system, and none of our officers owns an interest in any of our approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 2A and 3A of Franchise Agreement; Section 3 of the Area Development Agreement	Items 7, 8 and 11
b. Pre-opening purchases/leases	Sections 3B and 3C of Franchise Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 3B, 3C and 3D of Franchise Agreement; Section 3 of the Area Development Agreement	Items 5, 7 and 11
d. Initial and ongoing training	Sections 4A and 4B of Franchise Agreement; Kiosk Addendum	Item 11
e. Opening	Sections 3D and 3E of Franchise Agreement	Items 6 and 11
f. Fees	Sections 3F, 8B, 11 and 12 of Franchise Agreement; Kiosk Addendum; Section 2 of the Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 5, 6 and 8C-E. of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 7 and 10 of Franchise Agreement; Sections 1.4 and 5 of the Area Development Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 6C, 6D, 6E and 6F of Franchise Agreement and in the Kiosk Addendum	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 6G and 6H of Franchise Agreement	None
k. Territorial development and sales quotas	Section 1 of Area Development Agreement	Item 12
l. Ongoing product/service Purchases	Sections 6C, 6D, 6E and 6F of Franchise Agreement	Item 8

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
m. Maintenance, appearance, and remodeling requirements	Sections 6A, 6B and 6C of Franchise Agreement	Item 11
n. Insurance	Section 6M of Franchise Agreement; Kiosk Addendum; Section 11.1 of Area Development Agreement	Items 7 and 8
o. Advertising	Section 8 of Franchise Agreement; and Kiosk Addendum	Items 6, 7 and 11
p. Indemnification	Section 23 of Franchise Agreement; Section 11.2 of the Area Development Agreement	Item 6
q. Owner's participation/management/staffing	Sections 4B and 6K of Franchise Agreement	Items 11 and 15
r. Records and reports	Section 9 of Franchise Agreement	Item 11
s. Inspections and audits	Section 9 of Franchise Agreement	Item 6
t. Transfer	Section 15 of Franchise Agreement; Section 7 of the Area Development Agreement	Item 17
u. Renewal	Sections 2E and 2F of Franchise Agreement	Item 17
v. Post-termination obligations	Section 14 of Franchise Agreement; Sections 5 and 6.2 of the Area Development Agreement	Item 17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
w. Non-competition covenants	Sections 6L and 14E of Franchise Agreement; Section 6 of the Area Development Agreement	Item 17
x. Dispute resolution	Section 16 of Franchise Agreement; Section 13 of the Area Development Agreement	Item 17
y. Guarantee	Exhibit A to the Franchise Agreement; Appendix C to the Area Development Agreement	Items 1 and 15

ITEM 10

FINANCING

Neither we nor any affiliate currently offers, directly or indirectly, any financing arrangements to you. Neither we nor any affiliate will guarantee your note, lease or 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.

Before you open the Store, we will:

1. Accept the site you propose for the Store if it meets our criteria for demographic characteristics, traffic patterns, character of neighborhood, competition from, proximity to and the nature of other businesses, other commercial characteristics and the site’s size, appearance and other physical characteristics. If you and we do not agree on a site, you may not buy a franchise. (Franchise Agreement, Section 2.A.)

2. Upon your request, provide you with certain real estate management services through a third-party consultant (such as sourcing suitable locations for development of the Store and negotiating the terms of the lease through the Letter of Intent). The cost of these services will range from \$3,000 to \$5,000 per location, and are not required, but optional. (Franchise Agreement, Section 3.B.)

3. Provide you with standard specifications for the design and layout of a typical Donut King Store and required leasehold improvements, along with information on designated and/or approved suppliers for construction management services, architectural services and signage. We will review and approve all architectural, engineering and construction drawings and site plans for the Store and all modifications and revisions to those documents. (Franchise Agreement, Section 3.B.)

4. Provide you with electronic access to the Operating Manual. The Operating Manual contains mandatory and suggested specifications, standards, operating procedures, and policies we prescribe, as

well as information about your other obligations under the Franchise Agreement. We have the right to add to and otherwise modify the Operating Manual to reflect changes in the type or quantity of authorized Products, standards of service or product quality, the operation of a Donut King Store, or to meet competition. Any such addition or modification takes precedence over all prior communications and if a dispute arises, the master Operating Manual maintained at our office will control. The Operating Manual contains our proprietary information and you must agree to keep the Operating Manual and information contained in the Operating Manual confidential at all times during and after the term of the Franchise Agreement (Franchise Agreement, Section 5).

5. Advise you on proper display of the Marks and signs, procurement of equipment, furniture, fixtures and initial inventories. (Franchise Agreement, Section 3.B.) You are responsible for purchasing and/or leasing equipment and its installation at the Store; obtaining and installing signs and fixtures at the Store; and purchasing opening inventory, supplies, and related materials (some of which are available to purchase from us or our affiliates).

6. Provide you (through the Operating Manual or otherwise) with a list of the standard fixtures, equipment, supplies, signs and initial inventory to be used in the Store, as well as a list of approved products and suppliers. (Franchise Agreement, Sections 3.B. 3.C, 5, 6.D., 6.E., 6.F. and 6.I.)

7. Train you or the designated Managing Owner in the operation of the Store. (Franchise Agreement, Section 4.A.)

8. We may provide you with an employee as we deem appropriate to assist you with the opening of the Store for a period up to 8 days. (Franchise Agreement, Section 3.E.)

9. Advise you in connection with the Grand Opening of the Store, and after your payment of the Grand Opening Fee, provide you with a grand opening advertising, marketing, and promotion package (the "Grand Opening Package"). (Franchise Agreement, Section 3.G.)

During your operation of the Store, we will:

1. Provide any new Managing Owner with reasonable training and, at our discretion, provide you or a Managing Owner with refresher or ongoing training. We may charge a reasonable fee for this training. (Franchise Agreement, Sections 4.A. and 4.B.)

2. Advise you of the operating performance of the Store as disclosed by reports submitted to us or by our inspections. We may also furnish assistance in connection with the operation of the Store as we deem appropriate. Operating assistance may consist of advice and guidance with respect to (1) methods and operating procedures utilized by a Donut King Store or the Store; (2) additional products and services authorized for a Donut King Store; (3) purchasing of Products and supplies; (4) formulating and implementing advertising, merchandising and promotional programs; and (5) the establishment of administrative, bookkeeping, accounting, inventory control, sales training and general operating procedures for the proper operation of a Donut King Store. We will not charge you for this operating assistance unless this operating assistance is made necessary by your failure to comply with the Franchise Agreement or if you request operating assistance in excess of what we normally provide. (Franchise Agreement, Section 4.E.)

3. Notify you if, in our reasonable judgment, the general state of repair, appearance or cleanliness of the Store or its fixtures, equipment or signs do not meet our standards, and specify the action to be taken by you to correct such deficiency. (Franchise Agreement, Section 6.A.)

4. Notify you within a reasonable time upon receiving your request, whether or not a brand or supplier of products is of acceptable quality. (Franchise Agreement, Section 6.D.)

5. Develop, prepare and offer to you (with or without charge) such posters, ad formats, direct mail, point of sale and other advertising materials for the Store as we deem appropriate. (Franchise Agreement, Section 8.A.)

Advertising

Marketing Fund. We may institute an advertising, publicity, and marketing fund in the United States for advertising, advertising-related, marketing and/or public relations programs, services, menu and product development, and/or materials we believe necessary to promote Donut King Stores located in the United States (the "Marketing Fund"). If we institute the Marketing Fund, you must contribute 2% of the Store's Gross Sales to the Marketing Fund. Any Donut King Stores that we own in the United States will make contributions to the Marketing Fund based on the contribution rate generally in effect at the time the Stores came under our ownership. We may increase the contribution amount to 3%. You should note that due to differing forms of Franchise Agreements, some of our franchisees may have different Marketing Fund and/or other obligations than in your agreement. (Franchise Agreement, Section 8B)

We have sole and absolute discretion over all matters relating to the Marketing Fund, including its management, all financial matters, expenditures, receipts and/or investments by the Marketing Fund, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with the geographic, market, and media placement and allocation of the Marketing Fund. The Marketing Fund may be used to (among other things) pay costs of preparing, producing, distributing and using marketing, advertising and other materials and programs; administering national, regional and other marketing programs, purchasing media, employing advertising, public relations and other personnel, agencies and firms; and supporting public relations, market research and other advertising and marketing activities, as well as any expenses associated with the Franchisee Advisory Council if such expenses are approved by us.

We may arrange for services, goods and otherwise, including creative concepts, production, placement, purchase of media, legal, accounting and other services, to be provided to the Marketing Fund by ourselves, any of our affiliates and our and/or their employees or agents, including persons/entities who may be owned, operated, controlled by, and/or affiliated with, us (such as an "in-house advertising agency") or who may be independent. We may use the Marketing Fund to compensate and reimburse any of these persons/entities (including ourselves) and to compensate ourselves and/or others for administrative and other services, materials, etc. rendered to the Marketing Fund, but any compensation to us or any affiliate will not be unreasonable in amount.

While we will not be required to submit any proposed or other expenditures by (or any other matters relating to) the Marketing Fund for approval by the Franchisee Advisory Council, if we do submit any matters for approval and approval is granted by a majority of the Franchisee Advisory Council, the approval will be final and binding on you. There is no separate advertising council composed of franchisees that advises the franchisor on advertising policies.

You must participate in all advertising and public relations programs instituted by the Marketing Fund. We may recommend prices and pricing strategies for certain products and services for purposes of menu uniformity, image and advertising. You must follow such pricing recommendations to the extent such obligation is consistent with applicable law. The Marketing Fund will, as available, furnish you with marketing, advertising and promotional formats and sample materials and may charge the direct cost of producing them plus shipping and handling. We may use the Marketing Fund to pay the costs of advertising, advertising-related, marketing and/or public relations programs, services and/or materials concerning locations, programs or concepts where the Products are to be offered in conjunction with products and/or services offered under other marks, including any co-branding, dual franchising or other programs, and any other franchised or non-franchised alternative channel of distribution, whether controlled by us or not.

We will account for the Marketing Fund separately from our other funds (but may be commingled with our other funds). The Marketing Fund will not be used to defray any of our general operating expenses, except for salaries, administrative costs, overhead and other expenses as we may reasonably incur in activities related to the Marketing Fund and its programs (including conducting market research, preparing advertising and marketing materials, insurance, legal costs and collecting and accounting for the Marketing Fund). We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year and the Marketing Fund may borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. We are authorized to collect for remission to the Marketing Fund any advertising or promotional monies or credits offered by any supplier based upon purchases by franchisees or otherwise. All interest earned on monies contributed to the Marketing Fund will be contributed to the Marketing Fund and will be used to pay costs before using the Marketing Fund's other assets. Annually, we will prepare a statement of monies collected and costs incurred by the Marketing Fund and will furnish a copy to you upon written request. We may (but are not required to) have financial statements of the Marketing Fund audited and the Marketing Fund will pay any costs in connection with an audit. We may cause the Marketing Fund to be incorporated or operated through an entity separate from us, and the entity will have all of our rights and duties relating to the Marketing Fund. Our obligations with respect to the Marketing Fund will be governed by the terms of the Franchise Agreement and the Franchise Agreement does not create a "trust," "fiduciary relationship" or similar special arrangement between us and the franchisees.

We will have the option (but are not required to) remit a portion of Marketing Fund contributions, at our sole discretion, back to a franchisee on such terms and conditions as we determine, including reimbursement of local advertising expenditures and we may waive and/or compromise claims for contributions to, and/or claims against or with respect to, the Marketing Fund using the Marketing Fund to pay any such claims. We will have sole and absolute discretion as to whether or not we take legal or other action against any franchisee who is in default of its obligations with respect to the Marketing Fund.

It is anticipated that all contributions to the Marketing Fund will be expended for advertising and promotional purposes during the fiscal year within which contributions are made. If, however, excess amounts remain in the Marketing Fund at the end of the fiscal year, all expenditures in the following fiscal year(s) will be made first out of any current interest or other earnings of the Marketing Fund, next out of any accumulated earnings and finally from principal.

The Marketing Fund may place advertising in any media and we anticipate the coverage will be local and regional in scope, although we reserve the right to do national advertising across the United States. We, or our affiliates, may prepare advertising and we may employ outside advertising agencies.

The purpose of the Marketing Fund will be to maximize recognition of the Marks, brand recognition of the Products and patronage of Donut King Stores generally in the United States. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs, and to place advertising that will benefit all Donut King Stores, we have no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by Donut King Stores operating in that geographic area or that any Donut King Stores will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. We do not have an obligation to spend any amount on advertising in the geographic area where your Donut King Store is located.

Non-Marketing Fund Materials. Other than administering the Marketing Fund as described above, we do not have an obligation to conduct advertising on your behalf.

Approval of Materials. You must submit for our prior approval any and all advertising and promotional materials you prepare for the Store and you may not use any disapproved or unapproved advertising or promotional materials. You must comply with any advertising requirements contained in your lease or sublease for the premises of the Store. All advertising and promotional materials you use must be completely factual, comply with all applicable laws and conform to the highest standards of ethical advertising and policies we prescribe. You may not develop, establish, maintain, or authorize any Website which refers to Donut King and/or the Marks. You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Operating Manual pertaining to social media activities. (Franchise Agreement, Section 8.E)

You must list and advertise the Store in the digital and/or print business listings and directories we prescribe, utilizing our standard advertisement at your sole expense. When more than one Donut King Store serves a metropolitan area, we may require all of them to be listed in business listings and directory advertisements, and you must pay an equal share of the cost.

Grand Opening. You must pay a \$5,000 Grand Opening Fee to us or approved vendors for a Grand Opening advertising, marketing and promotion package before you open your Donut King Store. We will advise you regarding your grand opening advertising. You will use advertising and promotional campaign materials approved by us, which may include a brief statement regarding the availability of Donut King franchises. The Grand Opening advertising, marketing and promotion package may include, but is limited to, direct marketing materials and production-ready, customized promotional slicks/items.

Advertising Cooperatives. We do not, under our current Franchise Agreement, have the power to form, and require you to contribute to, an advertising cooperative.

Computer System

We require new franchisees to use the TASK POS System (the "POS System"). You must sign a user agreement with TASK Software, the owner of the POS System. The POS System records gross sales and transaction data (such as item ordered, price, and date of sale) and will facilitate a customer gift card program, if we implement one. The POS System must be online at all times and be capable of accessing

the Internet for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering and maintaining the POS System.

The initial acquisition cost for the designated POS System is approximately \$5,000 per Store. Depending on the type of Donut King Store you develop and the number of POS System terminals at your Store, you may incur additional costs. The initial acquisition cost will be higher for a Store with a drive-thru. This estimate does not include tax, shipping, installation, the cost of any electrical work or cabling, or the initial and monthly fees charged by your local Internet service provider.

As of the date of this disclosure document, the ongoing cost for the POS System is \$125 per month per Store, of which you will pay \$100 per month directly to TASK and we will pay \$25 per month directly to TASK. You must obtain any upgrades and/or updates to the POS System software from TASK at your own expense. In addition, we may require you to update and/or upgrade all or a portion of your POS System during the term of your Franchise Agreement, at your expense. There are no contractual limitations on the frequency or cost of required upgrades. We have no contractual obligation to maintain or update your equipment or software; this is entirely your obligation.

The POS System is designed to enable us to have independent access to the information monitored by the system, and there is no contractual limitation on our right to access or use the information we obtain.

Site Selection

The franchise is granted only for a specific location, which we must approve. We and you will agree upon a site before signing the Franchise Agreement. (Franchise Agreement – Section 2.A). Factors we consider in accepting or rejecting a proposed site include the availability of utilities, zoning, size of property, accessibility, traffic counts, whether there is sufficient residential and commercial population to support the Store, level of competition, rental costs, construction costs, as well as numerous other factors including other Donut King Stores. We will advise you whether a proposed site is approved within approximately 30 days. We will not unreasonably withhold our approval. If we reject your proposed site, we will encourage you to submit alternative sites.

If you will occupy the approved site under a lease, you must submit the proposed lease to us for approval before signing it (see Item 8). Further, we may require you to sign our current form of Lease Rider with your landlord (see Item 8).

The typical length of time between signing the Franchise Agreement and opening the business is 6 months to 12 months. This length of time is usually needed to obtain financing and develop the Store, including purchase and installation of equipment, fixtures and signs. We can terminate your Franchise Agreement if you fail to open your Store within 12 months from the date of your Franchise Agreement.

Operating Manual

The Table of Contents of the Operating Manual is in **Exhibit 7** to this disclosure document. As of the date of this disclosure document, the Operating Manual contains 140 pages.

Training

You and any approved manager must complete an initial training program to our satisfaction before the Store opens. If the franchisee is a corporation, partnership or limited liability company, training is required of an owner of at least 10% interest (the "Managing Owner"). The initial training program will be furnished at such time as we designate and will take place at a franchise support center and/or operating Store that we designate. Our Support Center is located in Chicago, Illinois. Initial training will include our Franchise Partner Induction Program. The Franchise Partner Induction Program typically lasts 10 days, but we may add days in our discretion depending on your performance. In addition to the Franchise Partner Induction Program, you (or the Managing Owner) and any approved manager must complete at least 1 week of a structured program at an operating Store of our choosing. We reserve the right to require more field training based on the final evaluation of your operations knowledge after attending classroom training. We provide the training without charge, but you are solely responsible for the compensation of the trainee as well as the trainee's travel, lodging and personal expenses. Neither you nor any of your personnel will be compensated by us while in training. The initial training program is also mandatory for any new managers after the Store opens. If you already own a Donut King Store, additional or refresher training may be required of you before you obtain the right to open an additional Donut King Store.

We may also provide refresher, ongoing, or new training to you (or the Managing Owner) and experienced managers, to correct, improve and/or enhance the operation of the Store. The training may be mandatory. You must pay the compensation of the trainee, as well as the trainee's travel, lodging and personal expenses.

You must attend, at your sole expense, all annual and other meetings, conventions, and conference calls of franchisees that we determine are mandatory for all franchisees, or groups of franchisees (as designated by us in our sole discretion).

We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules.

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TRAINING PROGRAM ¹

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Intro to Coffee Coffee Characteristics Coffee Cupping ²	20 hours	0 hours	Chicago, IL
Espresso Training ³	25 hours	0 hours	Chicago, IL
Financial/Administration ⁴	2 hours	0 hours	Chicago, IL
Operation Tools, Systems, Application, Execution ⁵	10 hours	0 hours	Chicago, IL
Sales Building, Local Store Marketing, Merchandising ⁶	4 hours	0 hours	Chicago, IL
Recruiting Tools ⁷	10 hours	0 hours	Chicago, IL
Graduation ⁸	1 hours	0 hours	Chicago, IL
Whole Bean	4 hours	0 hours	Chicago, IL
Store Reports/POS	4 hours	0 hours	Chicago, IL
In-Store Training	0 hours	1 week/5 - 8hr days	A Store of Franchisor's choosing.
TOTALS	80 hours	1 week/5 - 8hr days(25 to 40 hours)	

1/ **Training Program** - The instructors for the training sessions may be individuals from the Support Center and Field Operations personnel. Each designated instructor has a minimum of 3 months' experience in the subject.

2/ **Financials & Administration** – Tips and suggestions for how to implement, manage and monitor operation tools and systems, such as labor scheduling, labor cost, inventory controls, buildto's, COGS (Cost of Goods Sold) review, and “What If” Scenarios skill practice. You are not required to follow our tips and suggestions or any recommendations generated by software tools or reports, and we do not control your general business decisions relating to the Store or your employees.

3/ **Operation Tools, Systems, Application, Execution** – This covers operational cleaning, sanitation, facilities maintenance, equipment standards, store development, scheduling, your training of your own team members, and guest relations.

4/ **Sales Building & Merchandising** – A set of tools on how to build sales through in-unit promotions, sampling, suggestive selling, store programs and local store marketing techniques; How to implement a National Promotion; How to properly display merchandise to increase visibility and sales.

5/ **Recruiting Tools** – This segment provides general suggestions about how to look for, interview and hire crewmembers for your Donut King Store. You are not required to use these tools in recruiting or hiring, and we do not control, assist or participate in that process or any decisions you make regarding your employees.

6/ **Graduation** – Certificate presentation in recognition of the successful completion and participation in training.

ITEM 12

TERRITORY

Franchise Agreement

You may operate the Store only at a specific location we approve. You may relocate the Store during the term of the Franchise Agreement at your own expense if: without your fault, the lease or sublease terminates prior to the expiration of the term of the Franchise Agreement or the premises are, in our sole opinion, damaged, condemned or otherwise rendered unusable; (ii) you are released by the lessor from all of your obligations to the lessor of the premises and the lessor releases any security held; (iii) you secure a lease or sublease for suitable substitute premises for operation of the Store on terms and conditions suitable to us in our absolute discretion; (iv) the substitute location is fitted out at your cost and otherwise in accordance with the terms of the Franchise Agreement; and (v) you agree to develop the substitute location in compliance with our standard specifications for the design and layout of a typical Donut King Store and required leasehold improvements, as modified or revised if applicable with our prior written consent.

If we do not approve any substitute location or if you are unable to negotiate a new lease or sublease pursuant to the terms of the Franchise Agreement within ninety (90) days after the Store ceases to operate from the initial approved location, we can terminate the Franchise Agreement by written notice to you. We are not required to pay any compensation to you or any other person in respect of the termination.

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, as described in further detail below, if the Franchise Agreement is for a street/non-shopping mall location, we will sign an addendum to the Franchise Agreement defining a "Protected Area" for the Donut King Store (the Territory Addendum for Street Location, the current version of which is in Exhibit 4 to this disclosure document), and while the Franchise Agreement is in effect, we will not operate a DonutKing Store or authorize others to operate a Donut King Store (other than a mall outlet) in the Protected Area.

You may serve customers only from the Store. You may not offer or make sales to food brokers, wholesalers, grocery or other chain stores or any other buyer for resale through any channel of distribution. You may not operate any other permanent or temporary mobile vending vehicle, grab 'n go case, cart, kiosk or any other channel of distribution, including via computerized media (e.g., Internet, email, bulletin boards and news groups), without our prior written consent. Any use of social media by you pertaining to the Donut King Store must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We reserve the right to "occupy" any social media websites/pages and be the sole provider of information regarding the Donut King Store on such websites/pages (e.g., a system-wide Facebook page). At our request, you must promptly modify or remove any online communication pertaining to the Donut King Store that does not comply with the Franchise Agreement or the Operating Manual.

You are granted no exclusivity regarding customers, and nothing in the Franchise Agreement prevents us, our affiliate, or any franchisee from serving or soliciting customers in your area. We, our franchisees, our affiliates, or their franchisees are not prohibited from soliciting or making sales within your market area. We have no duty to protect you from such sales, solicitations, or attempted sales.

Non-Exclusive Territory – Mall Locations

If you operate your Donut King Store in a mall location, you will not receive a protected territory. We may establish other franchised outlets, or outlets owned by us or our affiliates (or their franchisees) that compete with your location, including outlets using our trademarks or other marks.

If your Donut King Store is located in a shopping mall and we decide to have another Donut King Store in the mall, we will give you the opportunity to be first considered for the additional Donut King Store, provided that you are in compliance with the Franchise Agreement. You only have this right of first opportunity for Donut King Stores located in your shopping mall. If you apply for a franchise for the additional Donut King Store and we accept your application, you will sign our then current form of franchise agreement and pay the then current initial franchise fee. Except as provided in this paragraph, you have no options, rights, rights of first refusal or similar rights to acquire additional franchises.

We and our affiliates reserve all rights with respect to the Marks, Donut King Stores and the sale of Products, anywhere in the world, including, the right to:

- (1) operate or grant others the right to operate donut shops, gourmet coffee stores, and/or other foodservice facilities under the Marks or any other trademarks at such locations as we deem appropriate, regardless of the proximity to or impact on the Store;

(2) manufacture, wholesale, market, distribute, and sell Products through any channel of distribution (including, without limitation, mail order, Internet, wholesale and/or retail), under or in association with the Marks or any other trademark, regardless of the proximity to or impact on the Store; and

(3) manufacture, wholesale, retail, market, distribute, or sell any product or service, or own, operate, any business, whether competitive or not and under the Marks or any other trademark. (Franchise Agreement, Section 2.B.)

Protected Territory – Street/Non-Mall Location

If your Donut King Store is located in a street/non-mall location, we will sign a “Territory Addendum for Street Location”, the current form of which is in **Exhibit 4** to this disclosure document. Provided that you are in compliance with the Franchise Agreement and the Territory Addendum for Street Location, we will not operate or grant a franchise for the operation of another Donut King Store (other than a mall outlet) that is located within a ½ mile radius of your Store (the “Protected Territory”). We, our franchisees, our affiliates, or their franchisees are not prohibited from operating or granting a franchise for the operation of a Donut King Store located within a shopping mall, even if the shopping mall is located within your Protected Territory.

We and our affiliates reserve all rights with respect to the Marks, Donut King Stores and the sale of Products, anywhere in the world, including the right to:

(1) establish and operate, and allow others to establish and operate, other Donut King Stores using the Marks and the Donut King system, at any location outside the Protected Territory, on such terms and conditions as we deem appropriate;

(2) establish and operate, and allow others to establish and operate, competitive businesses, located anywhere, that may offer products and services which are identical or similar to products and services offered by Donut King Stores, under the Marks (except in a Protected Territory defined in a Territory Addendum for Street Location) or under other trade names, trademarks, service marks and commercial symbols different from the Marks;

(3) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Donut King Stores, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Donut King Stores customarily sell;

(4) manufacture, wholesale, market, distribute and sell Products through any channel of distribution (including, without limitation, mail order, Internet and wholesale), under or in association with the Marks or any other trade names, trademarks, service marks or commercial symbols;

(5) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Donut King Stores, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory);

(6) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Donut King Stores, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory; and

(7) engage in all other activities not expressly prohibited by the Franchise Agreement.

We are not required to compensate you if we exercise any of the rights specified above inside your Protected Territory. Continuation of your Protected Territory does not depend upon you achieving a certain sales volume, market penetration, or other contingency.

Area Development Agreement

Under the Development Agreement, we grant you the right and you undertake the obligation to develop a minimum number of Donut King Stores in the Development Area. We typically define the Development Area by zip code boundaries, county boundaries, highways, physical landforms, city or municipality boundaries, and other factors we deem appropriate. The size of the Development Area will vary depending on the number of Donut King Stores you commit to develop, our long range development plans, your financial and operational resources, and population and market conditions. Designation of a Development Area is not an assurance or warranty that there is a sufficient number of suitable sites in the Development Area for you to meet your Development Schedule. The responsibility to locate a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria.

Although we and our affiliates will not operate, and will not grant anyone else a franchise to operate, a full-size Donut King Store located within the Development Area, you will not receive an exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We and our affiliates retain the rights to:

(1) own, acquire, establish, operate, and franchise or license others to operate Donut King Stores located outside of the Development Area;

(2) own, acquire, establish, operate, and franchise or license others to operate Non-Traditional Outlets under the DONUT KING name or any other name, both inside and outside of the Development Area. "Non-Traditional Outlet" means a mobile or temporary outlet (such as a food truck, cart, kiosk, or so-called "pop-up" restaurant) or an outlet at a facility where the primary function is not foodservice, such as (but not limited to) a performing arts arena, sports stadium, department store, retail store, wholesale club, grocery store, supermarket, casino, amusement park, fairground, college or university, factory, hospital, penal institution, military base, airport, turnpike, limited access highway rest stop, or other transportation facility;

(3) develop, manufacture, have manufactured, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, packaged food products or any other goods or services under the DONUT KING mark or any other name or mark, through any channel of distribution, including but not limited to the Internet, mobile applications, supermarkets, specialty food stores, convenience stores, wholesale clubs, and retail food stores, anywhere in the world;

(4) use the DONUT KING brand in other lines of business besides the operation of Donut King Stores, anywhere in the world; and

(5) own, acquire, establish, operate, and franchise or license others to establish and operate outlets under names and marks other than DONUT KING, at any location within or outside of the Development Area, even if the concepts or businesses are similar to Donut King Stores. However, if we acquire the assets of any outlets located within the Development Area that we determine in our sole discretion to convert to a Donut King Store (a "Conversion Store"), we will offer to sell the Conversion Store to you for the price we paid for its assets, provided that, in our judgment: (1) the sale to you will not conflict with any existing legal obligation we have; (2) the sale to you will not interfere with the completion of our acquisition on the terms agreed to by us; (3) the sale to you will not adversely affect any financing or federal or state income tax consequences arising from the acquisition; and (4) you agree: (a) to sign, concurrently with your purchase of the assets, a Franchise Agreement as modified for use in connection with each Conversion Store; and (b) to convert each Conversion Store to a Donut King Store in accordance with our standards and specifications. Any Conversion Store that you purchase and convert will be counted toward the minimum cumulative number of Donut King Stores required by the Development Schedule. Your purchase price for the Conversion Store will include the direct and indirect costs and liabilities we have incurred or assumed in acquiring the Conversion Store, and other expenses allocated or otherwise related to the Conversion Store (including any losses from continuing operations and renovation costs). You will have thirty (30) days after receipt of our offer in which to accept or reject the offer. Acceptance must be communicated in writing. If accepted, you will have thirty (30) days from the date of acceptance to complete the purchase of the Conversion Store. If you reject or do not timely accept our offer to sell you the Conversion Store, or if you do not timely complete the purchase after accepting, or if we are not obligated to extend an offer to you for any of the reasons stated above, we will have the right to alter, modify, refurbish, remodel, promote and market, operate, or franchise others to operate the Conversion Store as a Donut King Store or any other business.

We are not required to compensate you if we exercise any of the rights specified above inside your Development Area.


To maintain your rights under the Development Agreement, you must have open and in operation the cumulative number of Donut King Stores stated in the Development Schedule by the deadlines agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Development Agreement. Other than your obligation to satisfy the Development Schedule, there are no minimum sales, market penetration goals or other contingency that you must meet to keep the territorial protection of your Development Area.

Upon completion of the Development Schedule, or if the Development Agreement is terminated or expires, your territorial protection with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant others development rights and franchises to develop and operate Donut King Stores within the Development Area. This right will be subject only to the Protected Areas defined in the Franchise Agreements you have signed with us for Donut King Stores in the Development Area.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks. Our principal trademark is “Donut King”. The following Marks are registered by our affiliate, Donut King Franchise Pty Ltd., on the Principal Register of the United States Patent and Trademark Office, and licensed to us:

Mark	Registration Number	Registration Date	Registration Renewal
	IR No. 1260639 / US Reg No. 4971121	April 23, 2015	April 23, 2025
Donut King (word mark) (Madrid)	IR No. 1269088 / US Reg No. 4995471	August 01, 2015	August 01, 2025

All affidavits of use required to date for these marks have been filed. These are the primary trademarks but there are a number of other related trademarks which have also been registered.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks.

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to the operation of the Store in compliance with the Franchise Agreement at the identified location and premises and by all applicable standards, specifications and operating procedures we prescribe or may periodically prescribe. All usage of the Marks by you and any goodwill you establish shall be to the exclusive benefit of us. You must use the Marks as the sole service mark and trade name identification of the Store and must display a notice in such form as we prescribe that you are an independent owner of the Store. You may not use any of the Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you under the Franchise Agreement) or in any modified form, nor may you use any Marks in connection with the sale of any unauthorized product or service.

You must immediately notify us of any infringement of or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks, and we and Donut King International Pty Ltd. have the right to take such action as we deem appropriate and to exclusively control any litigation or Patent and Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Marks. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. You must execute any and all instruments and documents, render such assistance, and do such acts and things as may, in our counsel’s opinion, be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain our interests in any of the Marks.

If we believe at any time that it is advisable to modify or discontinue the use of any of the Marks

and/or use one or more additional or substitute Marks, you must promptly comply (at your own expense) with our directions to modify or otherwise discontinue the use of the Marks, and/or use one or more additional or substitute trademarks or service marks, including new signage, etc. We have no liability or obligation to you for modification, discontinuance or otherwise.

If you have timely notified us of a claim or proceeding and comply with the Franchise Agreement, we will indemnify you for all damages for which you are held liable in any proceeding from your use of any of the Marks. We will also indemnify you for all costs that you reasonably incur in defending the claim brought against you or any proceeding where you are named as a party because of your authorized and proper use of any of the Marks.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

Under the Area Development Agreement, you do not have the right to use the Marks in any manner. You will have no right to license others to operate a business or use the Donut King Systems or the Marks. Because you have no right to use the Marks under the Area Development Agreement, we have no obligation under that agreement to protect you against claims of infringement or unfair competition related to your use of the Marks.

Except as disclosed above, there are no other agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

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

There are no patents or patent applications that are material to the franchise. We claim copyright protection in our Operating Manual and related materials, any proprietary software we or our affiliates may develop, the content of our electronic and computerized media, and our advertising and promotional materials. None of these materials have been registered with the United States Copyright Office as of the date of this disclosure document. You may use these materials only as provided in the Franchise Agreement.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any copyrights or you in connection with any copyrights.

The information that we disclose to you regarding the operation of a Donut King Store, including the contents of the Operating Manual, is proprietary and confidential. You must maintain the absolute confidentiality of all such information during and after the term of the Franchise Agreement. You cannot use any such information in any other business or in any manner we do not specifically authorize or approve in writing.

The Area Development Agreement does not grant you any right to use the Marks or to use any of our trade secret or confidential information. The Area Development does not grant you any right to any copyright or patent which we now own or may own in the future. Rights to Marks, trade secrets, confidential information, copyrights or patents are granted only under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you (or the Managing Owner, if the franchisee is a corporation, partnership or limited liability company) participate personally in the direct operation of the Store. You (or the Managing Owner) must complete the initial training program to our satisfaction, regardless of whether or not we allow you to have other managers of the Store. You must keep us informed at all times of the identity of the Managing Owner. If you acquire additional Donut King Stores, we will permit you (or the Managing Owner) to act as manager of all such Donut King Stores and hire and train assistant managers. Your management personnel may be required to sign agreements containing non-competition and confidential information covenants substantially similar to those contained in the Franchise Agreement.

If the franchisee is a corporation, partnership or limited liability company, each owner of a 10% or greater interest must personally guarantee the obligations under, and be personally bound by, the Franchise Agreement and all other agreements with us or our affiliates and agree to certain restrictions on their ownership interests. The spouse of each guarantor must sign the Spouse's Acknowledgment portion of the guarantee, by which the spouse acknowledges that we are relying on all assets of the owner, including jointly owned marital property, in accepting the owner's backing of the franchisee's obligations. The Spouse's Acknowledgment does not make the spouse a guarantor or subject his or her separate property to the guarantee. However, if the spouse is also an owner of the franchisee corporation, partnership or limited liability company, the spouse must sign as a full guarantor.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer for sale and sell only and all those Products that we authorize or require for the Store. You may not offer for sale any products or services that we have not approved (See Items 8 and 9). You may not advertise, offer for sale or sell any damaged, molded or deteriorated Products or Products which are "out of date" as provided in the Operating Manual or as specified on the Product itself. All damaged, molded, deteriorated or "out of date" Products must be withdrawn from sale and removed from the Store. All complaints by customers must be honored by replacement without charge or by refund in full of the purchase price. We have the right to change the types of Products at any time and there are no contractual limits on our right to do so. The Store will sell Products only at retail to consumers for their own consumption. You may not offer any services at the Store (including, but not limited to "delivery" and/or "order ahead" services) unless: (a) those services have been approved in writing by us; and (b) you subsequently agree to offer the services in accordance with our standards as specified in the Operating Manual or otherwise in writing.

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	Section 2.D	The lesser of 10 years or the initial term of your lease or sublease.
b. Renewal or extension of the term	Sections 2.E and F	Renewal for a single term of the lesser of 10 years or the term of the lease or sublease on then current terms if you meet certain requirements and comply with certain conditions.
c. Requirements for franchisee to renew or extend	Sections 2.E and 2.F	Written notice, maintain possession and/or secure approved location, compliance with current design, operational, qualification and training standards, substantial compliance with the Franchise Agreement, sign then-current form of Franchise Agreement, pay fee, execute General Release (Exhibit 8). Under the Franchise Agreement, “renewal” means one single additional term for a period of 10 years or the remaining term of the lease or sublease, whichever is less; and in connection with any renewal, you must meet our then-current qualification and training requirements, we may require you and/or any of your personnel to attend and successfully complete any retraining programs(s), and you must execute our then-current form of franchise agreement, which may provide materially different terms and conditions than your original franchise agreement, such as different fee requirements and renewal rights.
d. Termination by franchisee	Section 13.A	You have right to terminate if you give us notice within 90 days of our material breach and we fail to cure the breach within 60 days.
e. Termination by franchisor without cause	Not Applicable	

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Sections 13.B and 3.F	We can terminate as described in g. and h. below.
g. "Cause" defined - curable defaults	Section 13.B	You have 10 days to cure failure to pay amounts owed and certain other defaults; 30 days for all other defaults (unless it is a non-curable default).
h. "Cause" defined - non-curable defaults	Sections 13.B and 3.E	Non-curable defaults include: Assignment for the benefits of creditors or inability to pay debts; bankruptcy filings; receiver appointed; abandonment, surrender or transfer of control or failure to actively operate the Store; lease is terminated or not renewed; submit 2 reports understating Gross Sales by more than 2% in a 2 year period; repeated failures or refusals to comply with Franchise Agreement whether corrected or not; health or safety hazard; conviction of felony or misconduct affecting the reputation of the Store or the Marks; unauthorized transfer; sale of coffee not purchased in accordance with requirements; failure to open store; failure to comply with non-competition obligations; failure to comply with anti-terrorism laws.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Franchisee's obligations on termination/non-renewal	Section 14	You must cease use of our trademarks, pay all amounts owed to us, cancel all login credentials to access the Operating Manual and other materials, cancel or assign to us assumed or similar name registrations, assign to us any Internet and website home pages, domain name listings, social media accounts, and registrations which contain our Marks. We may assume all telephone numbers relating to the Store, comply with covenants, furnish evidence of compliance with the above; we have option to purchase the Store.
j. Assignment of contract by franchisor	15.A	Fully assignable by us.
k. "Transfer" by franchisee – defined	Section 15.B	Includes transfer of any interest in the Franchise Agreement, the franchise, the Store assets, or the ownership interests in the franchisee.
l. Franchisor approval of transfer by franchisee	Section 15.B	Transfers require our prior written consent.
m. Conditions for franchisor approval of transfer	Section 15.B	Full compliance, transferee meets standards, transferee and its owners agree to be bound by and personally guarantee your obligations under the franchise documents. If transfer is of the franchise or a controlling interest in you, the transferee must attend and satisfactorily complete training, if financed, franchisee must subordinate obligations to us, transferee must execute our then-current form of franchise agreement, transferee must pay us a transfer fee from \$2,000 to 6,500, transferor and transferee execute general release (which shall be substantially similar to the form of General Release attached as Exhibit 8). The Store must be current or brought current with design and equipment standards.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.D	We have the right to match any offer, and we can substitute cash for any other form of payment.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	Section 15.E	Interest must be assigned to an approved buyer within 12 months, and we have the right to manage the Store in the interim.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 14.F	Neither you nor your owners, officers or directors may have any interest (either directly or through another person, such as a family member) in any Competing Business, defined as a business that (i) principally offers products and services substantially similar to those being offered by the majority of Donut King Stores, or (ii) franchises or otherwise grants others the right to sell such products or services.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.F	For 2 years following termination, expiration, or an approved transfer of your franchise, neither you nor your owners, officers or directors may have any interest (either directly or through another person, such as a family member) in any Competing Business that operates within a 10-mile radius of the Store or any other Donut King Store.
s. Modification of the agreement	Section 16.H	Modifications generally effective only if signed in writing but the Operating Manual is subject to change.
t. Integration/merger clause	Section 22	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 16.A	Except for certain claims, all disputes resolved through arbitration at a site located within 50 miles of our principal place of business.
v. Choice of forum	Section 16.B	Litigation in court of general jurisdiction closest to our principal place of business, subject to applicable state law.
w. Choice of law	Section 16.G	Illinois law applies, except that if any provision of the Franchise Agreement would not be enforceable under Illinois law, and if the Store is located outside of Illinois and the provision would be enforceable under the laws of the state in which the Store is located, then that provision will be governed by the laws of the state in which the Store is located. This designation of Illinois law is subject to state law in your state.

AREA DEVELOPMENT AGREEMENT

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

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the term of the Area Development Agreement	Section 4	The rights granted under the Area Development Agreement expire on the deadline specified in the Development Schedule for the last Donut King Store to be developed.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for developer to renew or extend	Not Applicable	
d. Termination by developer	Not Applicable	
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section 8	We can terminate the Area Development Agreement as described in g. and h. below.
g. "Cause" defined – curable defaults	Section 8.3	Unless a default is specified to be non-curable, you will have 30 days to cure after written notice.
h. "Cause" defined – non-curable defaults	Sections 8.1 and 8.2	<p>Non-curable defaults include: Failure to meet your Development Schedule; termination of a Franchise Agreement based on your default; transfer of any interest contrary to transfer restrictions; knowingly submitting false reports; conviction of a crime; or being named as a "blocked" person under anti-terrorism law.</p> <p>Subject to applicable law, the Area Development Agreement will terminate automatically if you become insolvent, file for bankruptcy, have a receiver appointed, or suffer foreclosure of a lien or mortgage.</p>
i. Developer's obligations on termination/non-renewal	Section 8.4	You will lose your right to establish any Donut King Store for which a Franchise Agreement has not been signed by us. A default under the Area Development Agreement will not be considered a default under the Franchise Agreement, unless specified otherwise. If you are in default of the Area Development Agreement, but are not in

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
		default under any one or all of your Franchise Agreements, you may continue to operate the existing Donut King Store(s) under the terms of their separate Franchise Agreements. However, you must stop selecting sites for Donut King Stores, and you may not open any more Donut King Stores.
j. Assignment of contract by franchisor	Section 7.10	No restriction on our right to assign.
k. "Transfer" by developer – defined	Section 7.1	Includes transfer of Developer's assets, assignment of Developer's rights under the contract, or change of ownership in Developer, by any means (e.g., by sale or gift, either voluntarily or by operation of law, such as through divorce or bankruptcy proceedings).
l. Franchisor approval of transfer by developer	Section 7.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Sections 7.3-7.9	<p>Conditions that we can impose for sale of the business include: no defaults and all monetary obligations satisfied; transferee meets our then-current qualifications for multi-unit developers, including financial resources to complete the Development Schedule on time; transferee completes training; if transferee is another Donut King franchisee, transferee has no defaults and a good record of customer service; owners of transferee sign personal guarantee; pay transfer fee (see Item 6); you Transfer all Donut King Stores along with the development rights, to the same transferee in the same transaction; you and the Owners release any claims against us; price and other terms of sale do not jeopardize ability to compete Development Schedule; and financing is subordinated to obligations to us.</p> <p>For a proposal to admit a new Owner, remove an existing Owner, change the distribution of ownership, or any other transaction that amounts to the Transfer of a partial interest in Developer or the development rights, you must give us advance notice and a copy of all proposed contracts. We</p>

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
		can withhold consent on any reasonable grounds or give consent subject to reasonable conditions, including those described above for sale of the business.
n. Franchisor's right of first refusal to acquire developer's business	Section 7.2	We have the right to match any offer. Does not apply if you Transfer ownership to a corporation or LLC that you form for that purpose; does not apply to a Transfer to your spouse or adult son or daughter (including as a result of your death or incapacity).
o. Franchisor's option to purchase developer's business	Not Applicable	
p. Death or disability of developer	Section 7.6	If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within 3 months for consent to Transfer the person's interest. The Transfer will be subject to the conditions in "m." above, as applicable. If the person's interest is not Transferred within one year after the date of death or appointment of a personal representative or trustee, we can terminate the Development Agreement.
q. Non-competition covenants during the term of the franchise	Section 6	Developer and Owners cannot have any interest in a Competing Business while Development Agreement is in effect. "Competing Business" means any business that principally offers products and services substantially similar to those being offered by the majority of Donut King Stores or that franchises or otherwise grants others the right to sell such products or services.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.2	For 2 years following termination, expiration, or approved Transfer, no interest in any Competing Business (as defined in "q." above) within the Development Area.
s. Modification of the Area Development Agreement	Section 12.10	The Area Development Agreement can be modified only by written agreement between us and you.
t. Integration/merger/clause	Section 12.10	Only the terms of the Area Development Agreement are binding (subject to state law). However, nothing in the Area Development

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
		Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Section 13.2	You and the Owners must file any suit against us in the federal or state court where our principal office is located at the time the suit is filed (currently Chicago, Illinois). We can sue you where we have our principal office or where you or the Development Area is located. You and we both waive the right to trial by jury and the right to seek punitive damages. All of these provisions are subject to state law in your state.
w. Choice of law	Section 13.1	Illinois law applies, except that if any provision of the Area Development Agreement would not be enforceable under Illinois law, and if the Development Area is located outside of Illinois and the provision would be enforceable under the laws of the state in which the Development Area is located, then that provision will be governed by the laws of the state in which the Development Area is located. This designation of Illinois law is subject to state law in your state.

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in **Exhibit 11**.

ITEM 18

PUBLIC FIGURES

We currently 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Donut King business, however, we may provide you with the actual records of that location. 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 RFG Accounting Department at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, tel. (773) 270-2900, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1
SYSTEMWIDE U.S. DONUT KING STORE SUMMARY
FOR YEARS 2019 to 2021***

Outlet Type	Year	Donut King Stores at the Start of the Year	Donut King Stores at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	0	0	0
	2020	0	0	0
	2021	0	0	0

* The numbers in this table are for the USA only and are for the fiscal years ending June 30, 2019, June 30, 2020, and July 2, 2021. As of the date of this disclosure document, our affiliates had 214 Donut King outlets operating in Australia and 6 Donut King outlets operating in New Zealand and Indonesia. **Exhibit 9** to this disclosure document is a list of our Donut King franchisees outside of the USA.

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TABLE NO. 2
TRANSFERS OF U.S. DONUT KING STORES FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2018 to 2020*

State	Year	Number of Transfers
All States	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

* The numbers in this table are for the USA only and are for fiscal years ending June 30, 2019, June 30, 2020, and July 2, 2021. Donut King Stores in other countries are not included.

TABLE NO. 3
STATUS OF U.S. FRANCHISED DONUT KING STORES
FOR YEARS 2019 to 2021*

State	Year	Donut King Stores at Start of Year	Donut King Stores Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Donut King Stores at End of Year
All States	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

* The numbers in this table are for the USA only and are for fiscal years ending June 30, 2019, June 30, 2020, and July 2, 2021. As of the date of this disclosure document, our affiliates had 214 Donut King outlets operating in Australia and 6 Donut King outlets operating in New Zealand and Indonesia. **Exhibit 9** to this disclosure document is a list of our Donut King franchisees outside of the USA.

TABLE NO. 4
STATUS OF U.S. COMPANY-OWNED DONUT KING STORES
FOR YEARS 2019 to 2021*

State	Year	Donut King Stores at Start of Year	Donut King Stores Opened	Donut King Stores Reacquired from Franchisee	Donut King Stores Closed	Donut King Stores Sold to Franchisee	Donut King Stores at End of Year
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

* The numbers in this table are for the USA only and are for fiscal years ending June 30, 2019, June 30, 2020, and July 2, 2021.

TABLE NO. 5
PROJECTED USA OPENINGS AS OF JULY 2, 2021

State	Franchise Agreement Signed as of 6/30/2020 But Store Not Yet Open	Projected New Franchised Donut King Stores in the Next Fiscal Year	Projected New Company-Owned Donut King Stores in the Next Fiscal Year
All States	0	0	0
Totals	0	0	0

We have no Donut King franchisees in the USA as of the date of this disclosure document. **Exhibit 9** to this disclosure document is a list of our Donut King franchises outside of the USA.

There were no Donut King franchisees in the USA who had a franchise transferred, terminated, canceled, or not renewed or who otherwise voluntarily or involuntarily ceased to do business during our fiscal year ending July 2, 2021, or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, during the last 3 fiscal years, current and former franchisees outside of the USA have signed provisions restricting their ability to speak openly about their experience with the Donut King 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 or sponsored any trademark-specific franchisee organizations associated with the Donut King franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Exhibit 11 to this disclosure document contains:

1. The audited consolidated financial statements of our affiliate, RFG USA, and subsidiaries as of July 2, 2021, June 30, 2020, and June 30, 2019, together with the report of independent auditors. During the year ended July 2, 2021, RFG USA changed its fiscal year from ending June 30 to follow a 52/53 week fiscal reporting calendar ending on the last Friday of June. A 52-week fiscal year consists of three 12-week quarters and one 16-week quarter; a 53-week fiscal year reports an extra week in the last quarter. The years ended July 2, 2021, June 30, 2020 and June 30, 2019 consisted of 53, 52 and 52 weeks, respectively.
2. The unaudited consolidated balance sheet of our affiliate, RFG USA, and subsidiaries as of November 30, 2021 and unaudited consolidated income statement for the period ending November 30, 2021. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Our separate financial statements are not included in this disclosure document. Should we fail to fulfill our duties and obligations to our franchisees under their franchise agreements, however, RFG USA absolutely and unconditionally guarantees to assume those duties and obligations. A copy of the Guarantee of Performance by RFG USA is included in this disclosure document as **Exhibit 12**.

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

Exhibit 2	Franchise Agreement
Exhibit 3	Kiosk Addendum
Exhibit 4	Territory Addendum for Street Location
Exhibit 5	Area Development Agreement
Exhibit 6	Collateral Assignment of Lease
Exhibit 8	General Release
Exhibit 13	State-Specific Addenda

ITEM 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are the last two pages of this disclosure document.

EXHIBIT 1

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

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

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236</p>
<p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

AGENTS FOR SERVICE OF PROCESS

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

<p>CALIFORNIA Commissioner of Financial Protection and Innovation, Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677</p>	<p>NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT 2
FRANCHISE AGREEMENT



USA FRANCHISE AGREEMENT

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DONUT KING®
USA FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made and entered into by and between DONUT KING SYSTEMS, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, IL 60607, and _____ (“FRANCHISEE”) whose principal address is _____.

1. BUSINESS BACKGROUND AND PRELIMINARY AGREEMENTS

FRANCHISOR and its affiliates, including Donut King Franchise Pty Ltd (“IP Owner”), have developed a full service store offering for retail sale donuts, hot dogs, related products (such as cinnamon toast), cold and hot beverages, including specialty roasted espresso coffee, accessories and gifts. These stores are known as DONUT KING stores (hereinafter referred to as a “STORE(S)”). Some STORES provide seating. Products authorized by FRANCHISOR for sale by STORES are referred to herein as the “PRODUCTS.” The STORES operate under a standardized format, signs, equipment, layout, systems, methods, and procedures; use a distinctive architectural design; offer uniform products; and utilize certain trademarks, service marks, trade dress and other commercial symbols, including “DONUT KING” and “DK” (such trademarks, service marks and other commercial symbols are hereinafter referred to as the “Names and Marks”). The distinctive format and method of doing business, including color scheme, signs, equipment, layouts, systems, methods, procedures, designs and marketing, and advertising standards and formats are hereinafter referred to as the “DK System”, any element of which FRANCHISOR can modify from time-to-time and with which FRANCHISEE must promptly comply.

FRANCHISEE has applied for a franchise to own and operate a STORE at the premises identified in Section 2.A below, and the application has been approved by FRANCHISOR in reliance upon all of the representations and covenants made therein.

FRANCHISEE acknowledges receiving and reading this Agreement and any addenda hereto and FRANCHISOR’s franchise disclosure document (with all exhibits) and has been given an opportunity to clarify any provision FRANCHISEE did not understand. FRANCHISEE further acknowledges that he understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain FRANCHISOR’s high standards of quality and service and the uniformity of those standards at all STORES and thereby to protect and preserve the goodwill of the Names and Marks.

2. GRANT AND RENEWAL OF FRANCHISE

A. GRANT OF FRANCHISE

Subject to the provisions of this Agreement, FRANCHISOR hereby grants to FRANCHISEE a franchise (the “FRANCHISE”) to operate a STORE and to use the Names and Marks and the DK System during the Term (as defined below) at the following location: _____ (the “Location”). FRANCHISEE must obtain FRANCHISOR’S approval of the Location prior to execution of this Agreement. FRANCHISEE must obtain lawful possession of an approved Location by lease, purchase or other method and open the STORE for regular, continuous business within twelve (12) months of the date that FRANCHISOR accepts this Agreement, or this Agreement will be subject to termination.

FRANCHISEE may relocate the STORE during the term at its own expense if:

- (1) without the fault of FRANCHISEE, the lease or sublease terminates prior to the expiration of the Term or the premises are, in the sole opinion of FRANCHISOR, damaged, condemned or otherwise rendered unusable;
- (2) FRANCHISEE is released by the Lessor from all of its obligations to the Lessor of the premises and the Lessor releases any security held;
- (3) FRANCHISEE secures a lease or sublease for suitable substitute premises (the "Substitute Location") for operation of the STORE on terms and conditions suitable to FRANCHISOR in its absolute discretion;
- (4) the Substitute Location is fitted out at the cost of FRANCHISEE and otherwise in accordance with Sections 3.B and 3.C below; and
- (5) FRANCHISEE agrees to develop the Substitute Location in compliance with FRANCHISOR's standard specifications for the design and layout of a typical STORE and required leasehold improvements, as modified or revised if applicable with FRANCHISOR's prior written consent.

If FRANCHISOR does not approve any Substitute Location or if FRANCHISEE is unable to negotiate a new lease or sublease pursuant to Section 3.A of this Agreement within ninety (90) days after the STORE ceases to operate from the Location, FRANCHISOR may terminate this Agreement by written notice to FRANCHISEE. FRANCHISOR is not required to pay any compensation, or refund any sum, to FRANCHISEE or any other person in respect of the termination.

FRANCHISEE may not sell any PRODUCTS at other locations or through other channels of distribution without prior written consent of FRANCHISOR, including, without limitation, utilizing any computer media or electronic media (e.g., World Wide Web, Internet, Social Media, electronic mail, bulletin boards, newsgroup and the like). Any attempt to do so shall be a material breach hereof.

FRANCHISEE acknowledges and agrees that FRANCHISOR's approval of the Location does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the Location for a STORE. FRANCHISOR's approval of the Location indicates only that FRANCHISOR believes the Location complies with acceptable minimum criteria established by FRANCHISOR solely for its purposes as of the time of the evaluation. FRANCHISEE further acknowledges and agrees that its acceptance of a franchise for the operation of a STORE at the Location is based on its own independent investigation of the suitability of the site. It shall be the sole responsibility of FRANCHISEE to undertake site selection and otherwise secure premises for the STORE.

B. NON-EXCLUSIVITY

The FRANCHISE is a "spot" franchise only and is awarded for a single location only. FRANCHISEE does not have, and has not paid for, any "exclusive territory" or any "exclusive," "protected" or "reserved" territorial or other rights, and no such rights are granted or will be inferred. FRANCHISOR (on behalf of itself and its affiliates) retains all rights with respect to STORES, the Names and Marks, the sale of PRODUCTS and any other products and services, anywhere in the world, including, without limitation: (a) the right to operate or grant others the right to operate coffee shops and specialty donut stores under the Names and Marks or any other trademark at such locations as it deems appropriate regardless of the

proximity to the STORE and on such terms and conditions as FRANCHISOR and its affiliates deem appropriate; (b) the right to manufacture, wholesale, market, distribute and sell PRODUCTS through any channel of distribution (including, without limitation, mail order, the Internet, and wholesale) under or in association with the Names and Marks or any other trademark; and (c) the right to manufacture, wholesale, market, distribute or sell any other product or service or own or operate any other business under the Names and Marks or any other trademark.

C. RIGHT OF FIRST OPPORTUNITY

If, during the Term of this Agreement, FRANCHISEE is in compliance with this Agreement and FRANCHISOR decides to establish and/or grant a franchisee the right to establish a STORE in the shopping mall in which the STORE is located, if any, FRANCHISOR will give FRANCHISEE the opportunity to be considered for the new STORE. In those circumstances, FRANCHISOR will provide FRANCHISEE with notification of its intent, and may require FRANCHISEE to submit to FRANCHISOR, within thirty (30) days after FRANCHISOR's notification, any information and all material fact that FRANCHISOR then typically considers in selecting franchisees and granting franchises in order to evaluate FRANCHISEE's application. FRANCHISEE acknowledges the foregoing right of opportunity is only available if the STORE is located in a shopping mall and that FRANCHISOR's obligation to consider FRANCHISEE for additional STORES apply only with respect to STORES to be located in the same shopping mall. In the event FRANCHISOR accepts FRANCHISEE's application, FRANCHISEE must promptly acquire an additional franchise for the operation of the STORE by executing FRANCHISOR's then current form of franchise agreement and paying FRANCHISOR the then current initial franchise fee.

D. TERM

The term of this Agreement (the "Term") shall begin on the effective date of this Agreement as provided in Section 24 Subject to earlier termination pursuant to Section 13, the term will end on the earlier of: (i) the tenth (10th) anniversary of the effective date; or (ii) the end of the term of the lease or sublease for the STORE, whichever of (i) or (ii) occurs first.

E. RENEWAL OF FRANCHISE

If upon expiration of the Term: (1) FRANCHISEE has fully and continuously complied with this Agreement and all other agreements with FRANCHISOR (and/or any affiliate of FRANCHISOR), in each case without any defaults, cured or uncured, during the Term; and (2) FRANCHISEE maintains possession of the premises of the STORE and, prior to any renewal term beginning, refurbishes, remodels, expands and otherwise brings the STORE and its operation into full compliance with all then-applicable standards (including then-applicable design standards, including equipment) applicable to franchises awarded for new STORES and in compliance with any lease or sublease requirements applicable to the STORE premises, then FRANCHISEE shall have the right to renew the FRANCHISE for a single additional period of ten (10) years or the remaining term of the lease or sublease, whichever is less; provided, however, that in no event shall FRANCHISOR or its affiliate be obligated to negotiate or obtain any renewal, extension or otherwise of any lease or sublease, or solicit or accept any proposal from the landlord (or other person/entity controlling the premises) for a renewal, extension or otherwise of any lease or sublease, even if on the same terms and conditions as have previously been applicable to the premises. Such renewal shall only be effective when accompanied with payment of a non-refundable renewal franchise fee equal to fifty percent (50%) of FRANCHISOR's then-current initial franchise fee for a first STORE. Further, FRANCHISEE and its owners must also execute a general release in a form approved by

FRANCHISOR releasing any and all claims, liabilities and/or obligations against FRANCHISOR and its affiliates, officers, directors, employees, agents, successors and assigns.

In connection with any renewal, FRANCHISEE must meet FRANCHISOR's then-current qualification and training requirements. FRANCHISOR may require FRANCHISEE and/or any of its personnel to attend and successfully complete any retraining program(s), and at such times and location(s), as FRANCHISOR then specifies. There will be no charge for any retraining program(s), but FRANCHISEE will be responsible for all compensation, travel, meals, lodging and other expenses of its personnel.

F. MANNER OF RENEWAL

Renewal of the FRANCHISE shall be effected by the execution by FRANCHISOR and FRANCHISEE of FRANCHISOR's then-current form of franchise agreement (which may provide for higher royalty fees and advertising contributions and other significant provisions of which may vary, but without any further term, successor franchise or right of renewal), general releases and all other agreements and legal instruments and documents then customarily used by FRANCHISOR in the grant of franchises for the ownership and operation of a STORE. FRANCHISEE agrees to notify FRANCHISOR not more than nine (9) months or less than six (6) months prior to expiration of the Term in writing of FRANCHISEE's election to renew the FRANCHISE and pay the renewal fee at the same time. If FRANCHISOR refuses to renew the FRANCHISE, FRANCHISOR may, but shall not be required to, generally state the reasons for its refusal. Failure or refusal by FRANCHISEE to execute such agreements, instruments and documents necessary to renew the FRANCHISE within sixty (60) days after delivery thereof to FRANCHISEE shall be deemed an election by FRANCHISEE not to renew the FRANCHISE.

G. HOLDOVER

If FRANCHISOR permits FRANCHISEE to continue after the FRANCHISE and/or Term would otherwise end pursuant to this Agreement, then (but without prejudice to any of the FRANCHISOR's other rights or remedies):

- (1) FRANCHISEE must continue to operate the STORE on a monthly basis;
- (2) FRANCHISEE continues on the same terms and conditions so far as applicable to a monthly license as are contained in this Agreement; and
- (3) the monthly license may be terminated by either party giving the other thirty (30) days' written notice, which may expire on any day.

3. DEVELOPMENT AND OPENING OF STORE

A. LEASE OR SUBLEASE OF PREMISES OF STORE

FRANCHISEE will contemporaneously with the execution of this Agreement or such later date specified in writing by FRANCHISOR, lease or sublease the Location in the form and manner acceptable to FRANCHISOR and deliver a copy of such lease or sublease to FRANCHISOR at least 15 days prior to the execution thereof. FRANCHISOR has the right to review and approve any lease or sublease for the premises of the STORE. FRANCHISEE agrees not to execute any lease or sublease which has not been approved in writing by FRANCHISOR. FRANCHISEE shall neither create nor purport to create any obligations on behalf of FRANCHISOR, not grant or purport to grant to the landlord thereunder any rights

against FRANCHISOR, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement. The lease obtained by FRANCHISEE shall be collaterally assigned to FRANCHISOR, pursuant to the terms of FRANCHISOR's standard collateral assignment of lease form, to secure the performance by FRANCHISEE of its obligations hereunder. The lease or sublease for the premises of the STORE shall contain substantially the following provisions:

(1) "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that, without its consent, this lease and the right, title and interest of the Lessee hereunder, may be assigned by the Lessee to FRANCHISOR or its designee; provided that FRANCHISOR or designee shall execute such documents evidencing its agreement to thereafter keep and perform, or cause to be kept and performed, all of the obligations of the Lessee arising under this lease from and after the time of such assignment."

(2) "Lessee hereby agrees that Lessor may, upon the written request of FRANCHISOR, disclose to FRANCHISOR all reports, information or data in Lessor's possession with respect to sales made in, upon or from the leased premises."

(3) "Lessor shall give written notice to FRANCHISOR concurrently with the giving of such notice to Lessee of any default or non-renewal by Lessee under this lease and FRANCHISOR shall have, after the expiration of the period during which the Lessee may cure such default, an additional fifteen (15) days to cure the default, at its sole option."

(4) "FRANCHISOR or its designee will have an option, without cost or expense to FRANCHISOR or its designee, to assume the lease upon any termination or expiration of that certain Franchise Agreement between Lessee and FRANCHISOR for any reason."

The lease or sublease may not contain any non-competition covenant which purports to restrict FRANCHISOR, its affiliates or any of FRANCHISOR's franchisees or licensees from operating a STORE or any other retail establishment under the Name and Marks.

B. DEVELOPMENT OF THE STORE

In order to maintain consistency of facility design, trade dress, construction quality, store image and goodwill associated with the Donut King name and Marks, FRANCHISEE is required to use exclusively FRANCHISOR's designated and/or approved suppliers for construction management services, architectural services and signage ("Designated Suppliers"). FRANCHISOR shall provide FRANCHISEE with information regarding one or more such Designated Suppliers for each such product/service, and FRANCHISEE shall retain their services, as provided in this Section and Section 3.C, below. While currently FRANCHISOR receives no payment, or compensation from such Designated Suppliers for the products/services delivered to and/or payments from franchisees, it reserves the right to do so.

Upon FRANCHISEE's request, FRANCHISOR may provide certain real estate management services (such as, sourcing suitable locations for development of a STORE and negotiating the terms of the lease through the Letter of Intent) to FRANCHISEE through a third-party consultant. The cost of such services will range from \$3,000 to \$5,000 per location, which will be payable by FRANCHISEE.

After FRANCHISEE has executed a lease or sublease for the STORE, FRANCHISEE shall obtain from Lessor and ensure that an architect designated or approved by FRANCHISOR (the "Designated Architect")

has or receives detailed, “as built” construction drawings and a detailed site plan for the proposed STORE. FRANCHISOR shall provide its standard specifications for the design and layout of a typical STORE and required leasehold improvements. FRANCHISOR will then arrange to have the Designated Architect provide FRANCHISEE, at FRANCHISEE’s sole expense, with a preliminary layout and design (“test fit”) for the STORE. FRANCHISEE shall submit the proposed layout and design drawings for the Location and FRANCHISOR shall, within 30 days following receipt of the applicable design review fee from FRANCHISEE, provide FRANCHISEE with comments and changes to the proposed layout and design drawings: \$6,000 - \$10,000 for a STORE. Notwithstanding the foregoing, FRANCHISOR recommends that FRANCHISEE have a test fit done prior to lease execution, especially if the location is not a standard size or shape for a STORE. Upon receipt by FRANCHISEE of the test fit and after FRANCHISOR’s approval, FRANCHISEE shall have FRANCHISEE’s Designated Architect prepare a complete set of site-specific, architectural design drawings, including the mechanical, plumbing, electrical, and other applicable plans, (the “architectural drawings”) for the STORE, which shall be consistent with the test fit and shall be in compliance with FRANCHISOR’s standards and specifications. FRANCHISEE is solely responsible for the costs of the preparation and completion of its architectural drawings and other services. FRANCHISEE agrees to make no changes, alterations or modifications whatsoever to the original test fit or architectural drawings without obtaining prior written consent from FRANCHISOR. In the event of a conflict between FRANCHISEE and FRANCHISOR regarding the architectural drawings, FRANCHISOR’s decision controls.

FRANCHISOR shall advise FRANCHISEE on proper display of the Marks and signs, procurement of equipment, furniture, fixtures and initial inventories. FRANCHISEE’s compliance with FRANCHISOR’s standards does not release FRANCHISEE from its obligation to ensure that the STORE is designed and constructed in compliance with all federal, state, and local laws, including without limitation the Americans with Disabilities Act (“ADA”). FRANCHISEE agrees that FRANCHISEE shall be solely responsible for the construction and development of the STORE at the Location, regardless of any specifications, guidance, assistance or otherwise received from FRANCHISOR, any FRANCHISOR Affiliate, the Designated Suppliers, or any other consultant or advisor. FRANCHISEE agrees to sign and deliver confirmations and/or certifications of compliance in such form and manner as FRANCHISOR may require. FRANCHISEE acknowledges and agrees that FRANCHISEE’s indemnification obligations under Section 22 shall expressly apply to any third party actions based upon FRANCHISEE’s failure to comply with the ADA or any other federal, state or local laws regarding the development and operation of the STORE. FRANCHISEE agrees to execute and deliver to FRANCHISOR an ADA Certification in the form attached to this Agreement as Exhibit D, before opening any STORE and will certify that the STORE and any proposed renovations comply with the ADA.

C. FIXTURES, EQUIPMENT, STOREFRONT, SUPPLIES AND SIGNS

FRANCHISEE agrees to use in the operation of the STORE those fixtures, items of equipment (including Computer System), supplies and signs that FRANCHISOR has approved for a STORE as meeting its specifications and standards for appearance, function, design, quality and performance. FRANCHISEE further agrees to place or display at the premises of the STORE (interior and exterior) only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by FRANCHISOR. If FRANCHISEE proposes to purchase, lease or otherwise use any fixture, equipment, supply or sign which is not then approved by FRANCHISOR, FRANCHISEE shall first notify FRANCHISOR in writing and shall submit to FRANCHISOR sufficient specifications, photographs, drawings and/or other information or samples for a determination by FRANCHISOR of whether such fixture, equipment, supply or sign complies with its specifications and standards, which determination shall be made and communicated in writing to FRANCHISEE within a reasonable time.

D. COMPUTER SYSTEM

FRANCHISEE agrees to obtain and use for the STORE'S operations the computer hardware and/or operating software (including point of sale reporting systems) FRANCHISOR specifies from time to time (the "Computer System"). FRANCHISOR may modify specifications for and components of the Computer System from time to time. FRANCHISEE also agrees to maintain a functioning e-mail address. FRANCHISOR's modification of specifications for the Computer System, and/or other technological developments or events, might require FRANCHISEE to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. FRANCHISEE agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. FRANCHISOR has no obligation to reimburse FRANCHISEE for any Computer System costs. FRANCHISEE agrees to pay FRANCHISOR or its designated supplier FRANCHISOR's then-current monthly fee for point of sale system services (the "POS Cloud Fee"). Additional point of sale systems installed in the STORE will incur additional POS System Fees.

During FRANCHISEE's operation of the STORE pursuant to this Agreement, FRANCHISEE must, within thirty (30) days after FRANCHISEE receives notice from FRANCHISOR, obtain any new Computer System components FRANCHISOR designates and ensure that FRANCHISEE's Computer System, as modified, functions properly, including any updates to the software as may be provided.

FRANCHISEE agrees to pay FRANCHISOR or a designated supplier a PCI compliance fee, which is included in the POS Cloud Fee (the "PCI Fee"). The PCI Fee is used to offset expenses incurred in complying with the Payment Card Industry Data Security Standards (PCI DSS). FRANCHISEE will be solely responsible for failure to comply with the PCI DSS or other data security standards or regulations.

Although FRANCHISEE agrees to buy, license, use, and maintain the Computer System according to FRANCHISOR's standards and specifications, FRANCHISEE will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which the Computer System interfaces with FRANCHISOR's and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) ensuring that the Computer System is in compliance with any and all industry standards and governmental regulations.

E. STORE OPENING

FRANCHISEE shall use its best efforts to merchandise the STORE as soon as possible after obtaining possession of the premises and to open the STORE and commence its business by the period required by FRANCHISEE's lease or sublease or, if sooner, within three (3) days after notice from FRANCHISOR that it is in suitable condition therefor. FRANCHISOR may, as it may so deem appropriate, supply an employee for up to three (3) days to assist FRANCHISEE in the opening of the STORE.

F. TERMINATION UPON FAILURE OF FRANCHISEE TO OPEN THE STORE

If FRANCHISEE fails to lease or sublease the STORE premises as required by Section 3.A, or fails to proceed with the merchandising of the STORE as required by or fails to open the STORE by the date required in this Section 3.E, FRANCHISOR, at its sole option, shall have the right to terminate this Agreement effective upon giving written notice to FRANCHISEE.

G. GRAND OPENING PROGRAM AND FEE

FRANCHISEE agrees to pay FRANCHISOR or vendors approved by FRANCHISOR a grand opening fee of Five Thousand Dollars (\$5,000) (the "Grand Opening Fee") prior to attending the initial training program for a grand opening advertising, marketing and promotion package (the "Grand Opening Package"). FRANCHISOR will advise FRANCHISEE in connection with the Grand Opening which shall be conducted in accordance with FRANCHISOR's standard plans, as adapted for the STORE. The Grand Opening Package shall be in the form, and using the advertising and promotional campaign and materials, specified by FRANCHISOR, and FRANCHISEE agrees that FRANCHISOR, in its sole discretion, may include a brief statement regarding the availability of STORE franchises. The Grand Opening Package may include direct marketing materials and customized promotional slicks/items. FRANCHISEE shall not be permitted to participate in the initial training program until FRANCHISOR has received the Grand Opening Fee. FRANCHISOR, in its sole judgment, may waive or reduce the Grand Opening Fee contribution and/or other advertising expenditure requirements in limited instances where the venue or other circumstances warrant.

4. TRAINING AND OPERATING ASSISTANCE

A. TRAINING

Prior to the opening of the STORE, FRANCHISOR shall furnish and FRANCHISEE (or the Managing Owner, as defined in Section 6.K below, if FRANCHISEE is a business entity) shall attend and complete to FRANCHISOR's satisfaction a training program on the operation of a STORE, furnished at such time and place as FRANCHISOR may designate. Such training will be given by FRANCHISOR without charge; provided that FRANCHISEE shall be solely responsible for the compensation of the trainees as well as such trainees' travel, lodging, meals and personal expenses. If FRANCHISEE (or the Managing Owner) fails to complete training to FRANCHISOR's satisfaction, FRANCHISOR may require such person to undergo further training by FRANCHISOR at a time scheduled by FRANCHISOR, until FRANCHISOR is satisfied that FRANCHISEE (or the Managing Owner) has satisfactorily completed the training course.

B. REFRESHER/ ONGOING TRAINING

FRANCHISEE agrees to attend, at its sole expense, refresher training or new training offered by FRANCHISOR to correct, improve and/or enhance the operation of the STORE.

C. MEETINGS

FRANCHISEE agrees to attend, at its sole expense, all annual and other meetings, conventions, and conference calls of franchisees that FRANCHISOR determines are mandatory for all franchisees, or groups of franchisees (as designated by FRANCHISOR in its sole discretion).

D. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

FRANCHISEE shall hire all employees of the STORE, be exclusively responsible for the terms of their employment and compensation and implement a training program for employees of the STORE in compliance with FRANCHISOR's standards. FRANCHISEE agrees to maintain at all times a staff of trained employees sufficient to operate the STORE in compliance with FRANCHISOR's standards. All management personnel hired by FRANCHISEE may be required to sign an agreement containing non-competition and

confidential information covenants substantially similar to those contained in Section 14.F and in Section 7 herein, and set forth in Exhibit B attached to this Agreement.

E. OPERATING ASSISTANCE

FRANCHISOR may advise FRANCHISEE from time to time of operating problems of the STORE disclosed by reports submitted to or inspections made by FRANCHISOR. FRANCHISOR may furnish to FRANCHISEE such assistance in connection with the operation of the STORE from time to time as deemed appropriate by FRANCHISOR. Assistance may consist of advice and guidance with respect to:

- (1) methods and operating procedures utilized by a STORE;
- (2) additional products and services authorized for a STORE;
- (3) purchasing of PRODUCTS and supplies;
- (4) advertising, merchandising and promotional programs; and
- (5) the establishment of administrative, bookkeeping, accounting, inventory control, sales training and general operating procedures for the proper operation of a STORE.

FRANCHISEE agrees that all advice and guidance provided by FRANCHISOR is only supportive of the operation of the STORE since the success of the STORE is primarily dependent upon FRANCHISEE's abilities and efforts. FRANCHISOR will not charge FRANCHISEE for such operating assistance unless such operating assistance is made necessary by FRANCHISEE's failure to comply with this Agreement or if FRANCHISEE requests operating assistance in excess of what is normally provided by FRANCHISOR. Any such charges will be payable upon FRANCHISEE's receipt of an invoice for the same.

5. OPERATING MANUAL

FRANCHISOR will furnish FRANCHISEE with one copy of, or electronic access to, the OPERATING MANUAL. As used in this Agreement, the term "OPERATING MANUAL" means, collectively, FRANCHISOR's confidential manuals relating to the development and operation of a STORE, which may, in FRANCHISOR's discretion, consist of one or more volumes, handbooks, manuals, written materials, electronic files, video or audio recordings, and other materials, all of which FRANCHISOR can modify, replace and supplement.

FRANCHISEE acknowledges that FRANCHISOR owns the copyright in the OPERATING MANUAL and that any portions in FRANCHISEE's possession or control are on loan from FRANCHISOR and remain FRANCHISOR'S property. FRANCHISOR has the right to modify the OPERATING MANUAL from time to time to reflect changes in the DK System. In the event of a dispute about the contents of the OPERATING MANUAL, the master copy that FRANCHISOR maintains at its principal office takes precedence. FRANCHISEE acknowledges that the OPERATING MANUAL and any digital identification necessary to access digital versions of the OPERATING MANUAL are part of the Confidential Information and will be used and protected accordingly.

6. STORE IMAGE AND OPERATING STANDARD

A. CONDITION AND APPEARANCE OF STORE

FRANCHISEE agrees to maintain the condition and appearance of the STORE consistent with the image of a STORE as an attractive, clean, convenient and efficiently operated specialty shop offering high quality PRODUCTS and efficient and courteous service, and pleasant ambiance. FRANCHISEE agrees to effect such maintenance of the STORE as is reasonably required to maintain such condition, appearance and efficient operation, including, without limitation, replacement of worn out or obsolete fixtures, equipment and signs, repair of the interior and exterior of the STORE and periodic cleaning and decorating and acts required by FRANCHISEE's lease or sublease. FRANCHISEE shall also replace and/or add additional fixtures and equipment which FRANCHISOR may require to be installed in all the STORES during the Term. If at any time in FRANCHISOR's reasonable judgment the general state of repair, appearance or cleanliness of the premises of the STORE or its fixtures, equipment or signs does not meet FRANCHISOR's standards thereof, FRANCHISOR shall specify the action to be taken by FRANCHISEE to correct such deficiency. If FRANCHISEE fails or refuses to complete any such required maintenance within fifteen (15) days after receipt of such notice or such lesser period required by the lease or sublease, FRANCHISOR shall have the right (in addition to its rights under Section 13), but shall not be obligated, to enter the STORE and effect such repairs, or replacement of fixtures, equipment or signs. FRANCHISEE shall pay the entire costs therefor to FRANCHISOR on demand.

B. ALTERATIONS TO THE STORE

FRANCHISEE shall make no material alterations to the leasehold improvements or appearance of the STORE nor shall FRANCHISEE make any material replacements of or alterations to the fixtures, equipment or signs of the STORE without prior written approval by FRANCHISOR and any approval that may be necessary under the lease or sublease for the premises.

C. REFURBISHING THE STORE

In addition to FRANCHISEE's obligations under Section 6.A hereof, at FRANCHISOR's request, which shall not be more than once every five (5) years, FRANCHISEE shall refurbish the STORE at its own expense to conform to the building design, trade dress, color schemes, and presentation of the Names and Marks in a manner consistent with the image then in effect for new STORES under the DK System, including, without limitation, remodeling, redecoration, structural changes, and modifications to, or replacement of, existing improvements and equipment. FRANCHISEE will not be required to refurbish the STORE if FRANCHISEE has less than two (2) years remaining on the lease or sublease for the premises.

D. AUTHORIZED PRODUCTS AND/OR SUPPLIES

The presentation of a uniform image to the public and the offering of uniform product lines is an essential element of a successful franchise system. The reputation and goodwill of STORES is based upon, and can be maintained only by, the sale of high-quality products. FRANCHISEE agrees that the STORE will offer only brands and types of PRODUCTS required by FRANCHISOR from time to time and at the retail prices recommended by FRANCHISOR to the extent such obligation is consistent with applicable law. FRANCHISEE must not offer for sale at the Store: (1) any products or services other than the PRODUCTS without the FRANCHISOR's prior written approval; or (2) any PRODUCTS which are damaged or deteriorated, or are "out of date" pursuant to the OPERATING MANUAL or as specified on the PRODUCT.

FRANCHISEE must only purchase from FRANCHISOR all Products and services supplied by the FRANCHISOR, and only purchase from Approved Suppliers all Products and services not supplied by the FRANCHISOR.

FRANCHISEE further agrees that the STORE will not be used for any purpose other than the operation of a STORE in compliance with this Agreement and FRANCHISEE's lease or sublease for the premises.

The term PRODUCTS as used in this Agreement, consists of all products approved and/or developed by FRANCHISOR for STORES. FRANCHISOR may from time to time modify the list of approved brands and/or suppliers and FRANCHISEE shall not, after receipt in writing of such modification, reorder any brand or from any supplier which has been removed by FRANCHISOR from the approved brand/supplier list. Subject to Section 6.E below, if FRANCHISEE proposes to sell any product of a brand which has not been approved as being acceptable or from a supplier which has not been approved, it shall first notify FRANCHISOR in writing and submit sufficient photographs, drawings, specifications, samples and/or other information concerning the product and/or the supplier and FRANCHISOR shall, within a reasonable time, notify FRANCHISEE in writing whether or not such proposed brand and/or such proposed supplier is acceptable. FRANCHISOR may approve a supplier for any PRODUCTS and may approve a supplier only as to certain PRODUCTS. FRANCHISOR may concentrate purchases with one or more suppliers to obtain lower prices, consistency, the best support and/or services for STORES owned or franchised by FRANCHISOR or its affiliates. FRANCHISOR and its affiliates reserve the right to receive revenue from approved suppliers based on transactions with franchisees and FRANCHISOR (or its affiliate).

FRANCHISEE shall at all times maintain an adequate and representative inventory of PRODUCTS, sufficient in quality, quantity and variety, to satisfy customer demand and realize the full potential of the STORE, as prescribed by FRANCHISOR. The inventory of the STORE shall contain a representative number of each "Donut King" brand or other private brands which shall be given representative display area. FRANCHISOR shall not have any liability to FRANCHISEE if FRANCHISOR is at any time unable for any reason to offer any "Donut King" brand or other brand of PRODUCTS for purchase by FRANCHISEE or at competitive prices. Certain PRODUCTS may be offered by an affiliate of FRANCHISOR.

As used in this Section, the term "Supplier Code" means any Code of Conduct the Franchisor adopts from time to time which establishes minimum standards of behavior expected of suppliers who supply, or propose to supply, goods and services to the Franchisee.

The Franchisee:

- (1) shall require any person or entity who supplies, or proposes to supply, goods or services to the Franchisee within the United States of America to comply with the Supplier Code;
- (2) acknowledges that agreement to, and or compliance with, the Supplier Code may be taken into account by the Franchisor when considering its approval, or the revocation of its approval, of any supplier under this Section 6.D.

E. INGREDIENT SUPPLIERS

In order to maintain consistency of product, quality, taste and identity of the donuts, hot dogs, other food products and beverages (including specialty gourmet coffee and espresso coffee), FRANCHISEE

agrees that all ingredients must be purchased exclusively from suppliers designated or approved by FRANCHISOR.

F. USE OF SUPPLIES IMPRINTED WITH NAMES AND MARKS

FRANCHISEE shall in the operation of the STORE use displays, boxes, bags, paper, forms, packaging materials, labels and other paper and plastic products and supplies imprinted with the Names and Marks as prescribed from time to time by FRANCHISOR.

G. STANDARDS OF SERVICE

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

H. DETERIORATED PRODUCTS AND COMPLAINTS

FRANCHISEE shall not advertise, offer for sale or sell any damaged, molded or deteriorated PRODUCTS or PRODUCTS which are “out of date” as provided in the OPERATING MANUAL or as specified on the PRODUCT itself. Such PRODUCTS shall be withdrawn from sale and removed from the STORE. All reasonable complaints by customers shall be honored pursuant to the policy set forth in the OPERATING MANUAL.

I. SPECIFICATIONS, STANDARDS AND PROCEDURES

FRANCHISEE agrees to comply with all mandatory specifications, standards, operating procedures, and policies (whether contained in the OPERATING MANUAL or any other document or notice from FRANCHISOR) relating to the operation of a STORE, including, without limitation, those relating to:

- (1) type, quality and shelf life of PRODUCTS offered;
- (2) PRODUCT dating programs, including removal of “out of date” PRODUCT;
- (3) merchandising techniques;
- (4) the safety, maintenance, cleanliness, function and appearance of the STORE premises and its fixtures, equipment and signs;
- (5) uniforms and aprons to be worn by and general appearance of STORE employees;
- (6) use of Names and Marks;
- (7) hours during which the STORE will be open for business;
- (8) use and retention of standard forms;
- (9) use and illumination of signs, posters, displays, and similar items;
- (10) identification of FRANCHISEE as the owner of the STORE;

(11) the *Policy Regarding Modern Slavery Practices* adopted by Retail Food Group Limited (a copy of which may be located here <https://riot.worldmanager.com/admin/login-next.php> and here: <https://www.rfg.com.au/shareholder-centre/corporate-governance/>); and

(12) FRANCHISOR's *Supplier Code of Conduct*, including the requirement to include in any contract with suppliers an obligation that the supplier comply with this Code.

Mandatory specifications, standards, operating procedures and policies prescribed from time to time by FRANCHISOR in the OPERATING MANUAL, or otherwise communicated to FRANCHISEE in writing, shall constitute enforceable obligations as if fully set forth in this Agreement. FRANCHISOR retains the right to modify and establish new mandatory specifications, standards, operating procedures and policies. However, FRANCHISEE retains the right and sole responsibility for the day-to-day management and operation of the STORE and for the implementation and maintenance of such mandatory specifications, standards, operating procedures and policies at the STORE.

J. COMPLIANCE WITH LAWS

FRANCHISEE agrees to comply with all federal, state and local laws, rules, and regulations and shall as soon as practicable, but in any event prior to the opening for business of the STORE, obtain all municipal and state permits, certificates or licenses necessary to operate the STORE and shall file and publish, if required by applicable law, a certificate of doing business (whether under a fictitious name or otherwise). FRANCHISEE shall make all such permits, licenses and certificates available for inspection by representatives of FRANCHISOR prior to the opening for business of the STORE and thereafter at all times during FRANCHISEE's business hours. FRANCHISEE shall operate and maintain the STORE in strict compliance with all current building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. FRANCHISEE agrees to immediately provide FRANCHISOR with a copy of any notice received by FRANCHISEE from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the STORE.

FRANCHISEE shall manage the STORE and its staff in compliance with all laws, the OPERATING MANUAL and any other general policies as prescribed by FRANCHISOR. FRANCHISEE shall actively and honestly cooperate with any compliance review initiated by the FRANCHISOR or a regulatory authority. FRANCHISEE agrees to abide by all employment and workplace laws, including, without limitation, Title VII of the Civil Rights Act, Family and Medical Leave Act, ADA, Consolidated Omnibus Budget Reconciliation Act, Fair Labor Standards Act, all state wage and hour laws, Internal Revenue Code, and the immigration laws. FRANCHISOR may from time to time provide information or training to assist FRANCHISEE in gaining knowledge about applicable laws, but this does not relieve FRANCHISEE of its full responsibility and obligation to comply with such laws. FRANCHISEE shall immediately notify the Franchisor in writing if: (i) FRANCHISEE becomes aware of any investigation or prosecution relating to an alleged breach of employment or workplace laws by FRANCHISEE; or (ii) FRANCHISEE (or any of its personnel) are contacted by any regulatory authority or the media about any matter relating to compliance with employment or workplace laws. FRANCHISEE shall keep a register of all complaints made by employees or personnel, including details of how such complaints are resolved.

K. MANAGEMENT OF THE STORE

The STORE shall be managed by FRANCHISEE. If FRANCHISEE is a corporation, partnership or limited liability company, one of the owners of FRANCHISEE must be designated as the “Managing Owner” who must be a natural person who owns and controls not less than ten percent (10%) of the equity and voting power of FRANCHISEE. FRANCHISEE (or the Managing Owner) must complete, to the satisfaction of FRANCHISOR, the training program. If FRANCHISEE (or the Managing Owner) has completed the franchise training, FRANCHISEE shall be qualified to train its managers. If and in the event FRANCHISOR, in its sole discretion, determines that the FRANCHISEE (or the Managing Owner) is not properly performing his duties, FRANCHISOR shall advise FRANCHISEE and FRANCHISEE shall take such corrective measures as are necessary to immediately rectify the situation. FRANCHISEE shall keep FRANCHISOR informed at all times of the identity of any Managing Owner(s) of the STORE. If FRANCHISEE and its affiliates own three (3) or more STORES, FRANCHISOR may, at its option, require FRANCHISEE to engage a district manager to oversee the development and operation of STORES. The district manager shall be in addition to, and not in lieu of, the Managing Owner.

L. CONFLICTING AND COMPETING INTERESTS

FRANCHISEE agrees that FRANCHISEE will at all times faithfully, honestly and diligently perform its obligations hereunder, that it will continuously exert its best efforts to promote and enhance the business of the STORE and that it will not engage in any business or other activity that will conflict with its obligations hereunder. FRANCHISEE shall not divert elsewhere any trade, commerce or business which ordinarily would be transacted by FRANCHISEE in or from the STORE and to this end, FRANCHISEE shall not at any time sell or rent to anyone any list of customers or permit the use of such list by anyone for any purpose other than the mailing of advertising material for the STORE. FRANCHISEE further agrees that neither FRANCHISEE nor any of its owners (through a member of the immediate family of FRANCHISEE or an owner of FRANCHISEE or otherwise) will, during the term of the FRANCHISE, have any interest as an owner of (except of publicly-traded securities, or interests in other STORES or any other concept pursuant to other franchise agreements with FRANCHISOR, its parent or any of its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent, or in any other capacity for, any other business principally offering products substantially similar to the PRODUCTS then being offered by the majority of the STORES, nor will they have any interest, as aforesaid, in any entity which franchises or otherwise grants to others the right to sell products similar to the PRODUCTS then being offered by the majority of the STORES.

M. INSURANCE

Prior to opening the STORE for business and throughout the entire term of this Agreement, FRANCHISEE will keep in force the following insurance coverage via advance payments:

(1) Worker’s compensation insurance as required by law and employer’s liability insurance with a limit not less than \$1,000,000, and such other insurance as may be required by the state or locality in which the STORE is operated;

(2) Commercial general liability insurance, occurrence form, including a per location aggregate if the policy is covering more than one location, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring FRANCHISEE and FRANCHISOR against all claims, suits, obligations, liabilities and

damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the STORE, including general aggregate coverage in the following limits:

<u>Required Coverage</u>	<u>Minimum Limits of Coverage</u>
General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (any one fire)	\$50,000
Medical Expense (any one person).....	\$5,000

(3) "ALL RISK" or special property coverage of not less than current replacement cost of the STORE's glass, equipment, fixtures and leasehold improvements sufficient in the amount to restore the STORE to full operations;

(4) Business interruption insurance with coverage for at least twelve (12) months for actual losses (for purposes of this Agreement, "Gross Sales shall further include any proceeds received by FRANCHISEE in connection with a "business interruption" insurance claim); and

(5) If FRANCHISEE has company-owned vehicles, automobile liability insurance for owned and non-owned automobiles including personal injury, wrongful death, and property damage with single limit coverage of at least One Million Dollars (\$1,000,000).

FRANCHISOR reserves the right from time to time to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. Within sixty (60) days of receipt of notice from FRANCHISOR, FRANCHISEE agrees to revise its coverage, as specified in any notice.

All insurance policies required hereunder of the FRANCHISEE shall be: (i) primary and non-contributory, and (ii) issued by an insurance company with a rating of not less than "A" in the current A.M. Best's Key Rating Guide or approved by FRANCHISOR.

FRANCHISEE's obligation to obtain and maintain insurance shall not be limited by reason of any insurance that may be maintained by FRANCHISOR nor relieve FRANCHISEE of liability under the indemnity provisions set forth in this Agreement. All insurance shall name FRANCHISOR as an additional insured, waive any subrogation rights or other rights to assert a claim back against FRANCHISOR, and shall contain a clause requiring notice to FRANCHISOR thirty (30) days in advance of any proposed cancellation, modification, or termination of any such policy. FRANCHISEE shall give FRANCHISOR certificates of coverage at least annually. Failure to obtain or the lapse of any of the required insurance coverage shall be grounds for the immediate termination of this Agreement pursuant to Section 13.B, and FRANCHISEE agrees that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be the sole responsibility of FRANCHISEE and that FRANCHISEE will hold FRANCHISOR harmless from all such losses, claims and/or causes of action.

FRANCHISEE is required to submit to FRANCHISOR a copy of a Certificate of Insurance, with FRANCHISOR as an additional insured, showing compliance with the foregoing requirements at least thirty (30) days before FRANCHISEE commences operation of the STORE. FRANCHISOR shall have a security interest in all insurance proceeds to the extent FRANCHISEE has any obligation to FRANCHISOR.

If FRANCHISEE at any time fails or refuses to maintain in effect any insurance coverage required by FRANCHISOR, or to furnish satisfactory evidence thereof, FRANCHISOR, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage, on behalf of FRANCHISEE, and FRANCHISEE shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to FRANCHISOR, on demand, any costs and premiums incurred by FRANCHISOR.

7. PROPRIETARY AND CONFIDENTIAL INFORMATION OF FRANCHISOR

FRANCHISEE acknowledges and agrees that FRANCHISOR possesses certain confidential and proprietary information which has valuable industrial and intellectual property significance, consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of STORES (the "Confidential Information"). FRANCHISOR will disclose such parts of the Confidential Information as are required for the operation of a STORE to FRANCHISEE in furnishing FRANCHISEE the training program, the OPERATING MANUAL and in guidance furnished to FRANCHISEE during the term of the FRANCHISE.

FRANCHISEE acknowledges and agrees that it will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the STORE during the term of the FRANCHISE, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with FRANCHISOR and other STORE franchisees. FRANCHISEE acknowledges that the Confidential Information is disclosed to FRANCHISEE solely on the condition that FRANCHISEE agrees, and FRANCHISEE does hereby agree, that FRANCHISEE (and each of its owners, if the FRANCHISEE is a company, partnership or limited liability company): (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures prescribed from time to time by FRANCHISOR to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, requiring (a) all owners, officers, directors, managing members, and full time managers of FRANCHISEE and any other employee of FRANCHISEE designated by FRANCHISOR to execute confidentiality and non-competition agreements in the form attached hereto as Exhibit B (the "Confidentiality and Non-Competition Agreement") and (b) any other person who will have access to Confidential Information to execute confidentiality agreements in the form attached hereto as Exhibit C (the "Confidentiality Agreement").

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on FRANCHISEE's disclosure and use of the Confidential Information shall not apply to (a) information, processes or techniques which are or become generally known by operators of businesses that are competitive with franchisees of FRANCHISOR, other than through disclosure (whether deliberate or inadvertent) by FRANCHISEE; or (b) disclosure of Confidential Information in judicial, arbitral or administrative proceedings to the extent FRANCHISEE is legally compelled to disclose such information, provided FRANCHISEE shall have used its best efforts, and shall have afforded FRANCHISOR the opportunity, to obtain an appropriate protective order or other assurance satisfactory to FRANCHISOR of confidential treatment for the information required to be so disclosed.

All ideas, concepts, techniques or materials relating to a STORE, whether or not protectable intellectual property and whether created by or for FRANCHISEE or FRANCHISEE's employees, must be

promptly disclosed to FRANCHISOR and will be deemed to be FRANCHISOR's sole and exclusive property, part of the DK System, and works made-for-hire for FRANCHISOR. To the extent any item does not qualify as a "work made-for-hire" for FRANCHISOR, by this paragraph FRANCHISEE assigns ownership of that item and all related rights to that item, to FRANCHISOR and agrees to sign whatever assignment or other documents FRANCHISOR requests to evidence FRANCHISOR's ownership or to help FRANCHISOR obtain intellectual property rights in the item.

8. ADVERTISING AND PROMOTION

A. BY FRANCHISOR

FRANCHISOR will develop, prepare and offer to FRANCHISEE such posters, ad formats, direct mail, point of sale and other advertising materials for the STORE as FRANCHISOR deems appropriate and will implement a marketing program as described below. FRANCHISEE must participate in all advertising and/or promotional campaigns that FRANCHISOR may establish any pay related charges if requested.

B. MARKETING FUND

FRANCHISOR's experience and business judgment is that a unified marketing program, on both a local and broader level, is an essential factor in the potential success of all STORES, to achieve top-of-mind awareness in potential customers, to build and retain goodwill associated with the Name and Marks thereby hopefully benefiting all STORE operators, to create improved brand loyalty among new and future customers and to achieve a favorable retail position for all STORES. To maximize these goals, FRANCHISOR and FRANCHISEE have agreed to a marketing program as follows:

(1) FRANCHISOR has instituted an advertising, publicity and marketing fund (the "Marketing Fund") for such advertising; advertising-related marketing, travel, personnel, and services; public relations programs; menu and product development; and/or materials; as FRANCHISOR may deem necessary or appropriate to promote STORES. The Marketing Fund may be combined with any marketing fund otherwise established for STORES and the funds merged for use in accordance with this Agreement. FRANCHISEE will contribute to the Marketing Fund two percent (2%) of the gross sales (as defined in Section 12.B) of the STORE, payable as provided in Section 12.C. FRANCHISOR reserves the right to increase the amount FRANCHISEE is required to contribute to an amount not to exceed three percent (3%) of the gross sales of the STORE. FRANCHISEE understands that, due to differing forms of franchise agreements or otherwise, some Donut King franchisees may have different Marketing Funds and/or other obligations than in this Agreement.

(2) FRANCHISOR will have sole and absolute discretion over all matters relating to the Marketing Fund in any way, including (but not limited to) its management, all financial matters, expenditures, receipts and/or investments by the Marketing Fund, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with the geographic, market, and media placement and allocation thereof. The Marketing Fund may be used, in FRANCHISOR's sole and absolute discretion, to (among other things) pay costs of preparing, producing, distributing and using marketing, advertising and other materials and programs; administering national, regional and other marketing programs, purchasing media, employing advertising, public relations and other agencies, personnel, or firms; and supporting public relations, market research and other advertising and marketing activities, as well as any expenses associated with any Franchisee Advisory Council(s), if those Councils, and such expenses, are approved by FRANCHISOR. Brief statements regarding

the availability of information regarding the purchase of Donut King franchises may be included in advertising and other items produced and/or distributed using the Marketing Fund.

FRANCHISOR may arrange for services, goods and otherwise, including (but not limited to) creative concepts, production, placement, purchase of media, legal, accounting and other services, to be provided to the Marketing Fund by itself, any of its affiliates and/or their employees or agents, including persons/entities who may be owned, operated, controlled by, and/or affiliated with, FRANCHISOR (such as an “in-house advertising agency”) or who may be independent. FRANCHISOR may use the Marketing Fund to compensate and reimburse any of such persons/entities (including itself) as FRANCHISOR deems appropriate in its sole and absolute discretion (including payment of commissions) and to compensate itself and/or others for administrative and other services, materials, etc. rendered to the Marketing Fund, provided that any compensation to FRANCHISOR or any affiliate will not be unreasonable in amount.

(3) FRANCHISOR may recommend prices and pricing strategies for products and services for purposes of menu uniformity, image and advertising. FRANCHISEE is obligated to follow such pricing to the extent such obligation is consistent with applicable law and is otherwise solely responsible for establishing its own retail prices at such levels as FRANCHISEE deems appropriate.

(4) FRANCHISEE will participate in all advertising and public relations programs instituted by the Marketing Fund. The Marketing Fund will, as available, furnish FRANCHISEE with marketing, advertising and promotional formats and sample materials and may charge the direct cost of producing them plus shipping and handling.

(5) FRANCHISOR may use the Marketing Fund to pay the costs of advertising, advertising-related, marketing and/or public relations programs, services and/or materials with respect to locations, programs or concepts where products and/or services offered under the Name and/or Marks are to be offered in conjunction with products and/or services offered under other marks, including (but not limited to) any co-branding, dual franchising or other programs, and any other franchised or non-franchised alternative channel of distribution, whether or not controlled by FRANCHISOR.

(6) The Marketing Fund will be accounted for separately from FRANCHISOR’s other funds (but may be commingled with FRANCHISOR’s other funds) and may be used for such salaries, administrative costs, overhead and other expenses as FRANCHISOR may reasonably incur in activities related to the Marketing Fund and its programs (including, without limitation, conducting market research, preparing advertising and marketing materials, insurance, legal costs and collecting and accounting for the Marketing Fund.) FRANCHISOR may, in FRANCHISOR’s sole and absolute discretion, spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year and the Marketing Fund may borrow from FRANCHISOR or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. FRANCHISEE authorizes FRANCHISOR to collect for remission to the Marketing Fund any advertising or promotional monies or credits offered by any supplier based upon purchases by FRANCHISEE or otherwise. All interest earned on monies contributed to the Marketing Fund will be contributed to the Marketing Fund and will be used to pay costs before using the Marketing Fund’s other assets. A statement of monies collected and costs incurred by the Marketing Fund will be prepared annually by FRANCHISOR and be furnished to FRANCHISEE upon written request. FRANCHISOR will have the right to cause the Marketing Fund to be incorporated or operated through an entity as FRANCHISOR deems appropriate in its sole and absolute discretion, and such successor entity will have all rights and duties of FRANCHISOR relating to the Marketing Fund.

FRANCHISOR may (but is not required to) remit a portion of Marketing Fund contributions back to a franchisee for reimbursement of local advertising expenditures. FRANCHISOR may also forgive, waive, settle, and compromise all claims by or against the Marketing Fund. FRANCHISOR will have sole and absolute discretion as to whether or not FRANCHISOR takes legal or other action against any franchisee who is in default of his or her obligations with respect to the Marketing Fund (including obligations to make contributions) or otherwise and whether a franchisee may be allowed to make direct advertising expenditures.

(7) FRANCHISEE acknowledges and agrees that the Marketing Fund is generally intended to maximize general recognition of the Name and/or Marks and patronage of STORES. FRANCHISEE understands and acknowledges that the STORE may not benefit directly or in proportion to its contribution to the Marketing Fund from the development and placement of advertising and development of marketing materials. FRANCHISOR will have no obligation to cause other STORES, licensees or outlets (some of which may be under different arrangements) to contribute to the Marketing Fund, any cooperative or engage in local marketing. FRANCHISEE and FRANCHISOR, each having a mutual interest in, and agreeing on the critical practical business importance of, FRANCHISEE's and FRANCHISOR's relationship being governed solely by written instruments signed by the parties to be bound (and not having either FRANCHISEE or FRANCHISOR subject to the uncertainty and ambiguity inherent in the application of legal or other concepts not expressly agreed to in writing by FRANCHISEE and FRANCHISOR), agree that FRANCHISEE's and FRANCHISOR's rights and obligations with respect to the Marketing Fund and all related matters are governed solely by the express terms of this Agreement and that this Agreement (and the parties' relationship and all rights and obligations with respect to the Marketing Fund) does not create a "trust," "fiduciary relationship" or similar special arrangement.

C. BY FRANCHISEE

FRANCHISEE must submit for prior approval by FRANCHISOR, any and all advertising and promotional materials prepared by FRANCHISEE for the STORE and FRANCHISEE must not use any disapproved or unapproved advertising or promotional materials. FRANCHISEE must comply with any advertising requirements contained in its lease or sublease for the premises of the STORE. All advertising and promotional materials used by FRANCHISEE must be completely factual, comply with all applicable laws and conform to the highest standards of ethical advertising and policies prescribed from time to time by FRANCHISOR.

FRANCHISEE must list and advertise the STORE in the principal classified telephone directory distributed within its primary trading area, in such business classifications as FRANCHISOR prescribes from time to time, utilizing FRANCHISOR's standard classified telephone directory advertisement at FRANCHISEE's sole expense. When more than one STORE serves a metropolitan area, FRANCHISOR may require all such STORES to be listed in the classified directory advertisement and FRANCHISEE must pay an equal share of the cost thereof.

D. WEBSITE

FRANCHISEE must not establish a Website. As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software that refers to STORES or the Names and Marks. The term Website includes, but is not limited to, Internet and World Wide Web home pages. FRANCHISOR shall have the right, but not the obligation,

to establish a Website and to designate one or more web page(s) on such Website to describe FRANCHISEE and/or the STORE, such web page(s) to be located within FRANCHISOR's Website.

If FRANCHISOR provides FRANCHISEE with a webpage on the Website, FRANCHISEE must: (i) provide the information and materials to develop, update, and modify FRANCHISEE's webpage; and (ii) notify FRANCHISOR whenever any information on FRANCHISEE's webpage is not accurate. FRANCHISOR will own all intellectual property and other rights in the Website, including FRANCHISEE's webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

FRANCHISOR may use the Marketing Fund's assets to develop, maintain, and update the Website. FRANCHISOR periodically may update and modify the Website (including FRANCHISEE's webpage). FRANCHISEE acknowledges that FRANCHISOR has final approval rights over all information on the Website (including FRANCHISEE's webpage).

Even if FRANCHISOR provides FRANCHISEE a webpage on the Website, FRANCHISOR will only maintain such webpage while FRANCHISEE is in full compliance with this Agreement. If FRANCHISEE is in default of any obligation under this Agreement, then FRANCHISOR may, in addition to its other remedies, remove FRANCHISEE's webpage information from the Website.

All advertising, marketing and promotional materials that FRANCHISEE develops for the STORE must contain notices of the Website's domain name in the manner FRANCHISOR designates. FRANCHISEE may not develop, maintain, or authorize any other Website that mentions or describes FRANCHISEE or the STORE or displays any of the Names and Marks.

E. SOCIAL MEDIA ACTIVITIES

As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, LinkedIn, and Twitter), video-sharing and photo-sharing sites (such as YouTube and Instagram), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, FRANCHISEE must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the OPERATING MANUAL. Any use of Social Media by FRANCHISEE pertaining to the STORE must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. FRANCHISOR reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the STORES on such websites/pages (e.g., a system-wide Facebook page). If FRANCHISOR requests, FRANCHISEE will promptly modify or remove any online communication pertaining to the STORE.

9. REPORTS, BOOKS AND RECORDS, INSPECTIONS

A. GENERAL REPORTING

FRANCHISEE shall at all times maintain true and accurate business records in the manner specified by FRANCHISOR. FRANCHISEE shall submit weekly financial reporting forms (or less frequently if permitted by FRANCHISOR) and such other financial, operational and statistical information as FRANCHISOR may require to: (i) assist FRANCHISEE in the operation of the STORE in accordance with the DK System; (ii)

allow FRANCHISOR to monitor FRANCHISEE's Gross Sales, purchases, costs and expenses; (iii) enable FRANCHISOR to develop chain wide statistics which may improve bulk purchasing; (iv) assist FRANCHISOR in the development of new authorized PRODUCTS or the removal of existing unsuccessful products; (v) enable FRANCHISOR to refine existing authorized PRODUCTS; and (vi) generally improve chain-wide understanding of the DK System. Without limiting the generality of the foregoing:

FRANCHISEE will allow FRANCHISOR to poll on a daily basis, at a time selected by FRANCHISOR, FRANCHISEE's computerized point of sale system for the STORE to retrieve sales, usage, and operations data. All Store sales must be accounted for thru the FRANCHISOR described point of sale system.

On or before noon (Central Standard Time) each Friday, during the Term hereof, FRANCHISEE shall submit a weekly sales summary, on a form prescribed by FRANCHISOR, reporting all Gross Sales for the preceding week (defined as the seven day period beginning each Thursday and ending on the following Wednesday) either by electronic mail ("e-mail") or by any other electronic means prescribed by FRANCHISOR.

On or before the 10th day of each month, during the Term hereof, FRANCHISEE shall submit a monthly sales summary signed by FRANCHISEE, on a form prescribed by FRANCHISOR, reporting all Gross Sales for the preceding month, or fiscal period as applicable, together with such additional financial information as FRANCHISOR may from time to time request.

Within thirty (30) days after the end of each fiscal quarter, FRANCHISEE shall also provide FRANCHISOR with quarterly sales and menu mix data in the format and manner prescribed by FRANCHISOR.

Within thirty (30) days following FRANCHISEE's receipt of written request from FRANCHISOR, FRANCHISEE shall submit to FRANCHISOR financial statements for the preceding quarter, including a Balance Sheet and Profit and Loss Statement, prepared in the form and manner prescribed by FRANCHISOR and in accordance with generally accepted accounting principles ("GAAP"), which shall be certified by FRANCHISEE to be accurate and complete.

FRANCHISOR reserves the right to require such other information concerning the STORE as FRANCHISOR may from time to time reasonably request, including, without limitation, a semi-annual balance sheet and Profit and Loss Statement, prepared by a Certified Public Accountant, in accordance with GAAP. FRANCHISEE shall submit to FRANCHISOR a copy of the original signed 1120 or 1120S tax form each and every year or any other forms which take the place of the 1120 or 1120S forms. FRANCHISEE shall also provide FRANCHISOR with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority.

Within sixty (60) days following the end of each calendar year, FRANCHISEE shall submit to FRANCHISOR an unaudited annual financial statement prepared in accordance with GAAP, and in such form and manner prescribed by FRANCHISOR, which shall be certified by FRANCHISEE to be accurate and complete.

FRANCHISEE shall immediately (in no event more than 24 hours following) notify FRANCHISOR of any (i) incident that may adversely affect the operation or financial condition of the STORE, FRANCHISOR or its affiliates; (ii) legal action (including the commencement of a suit or proceeding, or the threat thereof), (iii) issuance of any writ, order, injunction, award or decree of any court, agency or government authority, including any citation, fine or closing order, or (iv) any other adverse inquiry, notice, demand

or sanction received by FRANCHISEE relating to the operation of the STORE or the Location, including any alleged violation of any law, including health, safety or employment law violations, and including any labor dispute or actual or threatened labor strike, work stoppage, lock-out or other incident relating to any labor agreement, and shall provide FRANCHISOR with copies of all related correspondence and other communications and information relating thereto.

If FRANCHISEE fails, for any reason, to timely deliver to FRANCHISOR any required report with all required information, FRANCHISOR is authorized, without further notice, to assess Royalty Fees and Marketing Fund contributions for each relevant week and effect an electronic funds or other transfer of such funds calculated as the greater of (i) FRANCHISEE's average weekly Royalty Fee and Marketing Fund contributions over the prior twelve months, or (ii) the Royalty Fee and Marketing Fund contributions of all similar franchisees within FRANCHISEE's region as defined by FRANCHISOR. FRANCHISEE hereby authorizes FRANCHISEE's bank to make such transfers upon FRANCHISOR's request. No action taken under this Paragraph shall constitute a cure of any breach by FRANCHISEE, an election of remedies by FRANCHISOR or in any way limit FRANCHISEE's liability to pay fees under this Agreement.

B. INSPECTIONS

FRANCHISOR's authorized representatives will have the right to enter the Location and the STORE at any time during business hours, and without prior notice to FRANCHISEE, for the purposes of: (i) examining same; (ii) conferring with FRANCHISEE's employees; (iii) inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment; (iv) removing samples for testing and analysis; (v) interviewing customers; (vi) conducting inventories; and (vii) determining whether the business is being conducted in accordance with this Agreement, the DK System and the OPERATING MANUAL. FRANCHISEE agrees to fully cooperate in connection with such matters. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the OPERATING MANUAL, including but not limited to quality, cleanliness, service, health and authorized product line, FRANCHISOR will notify FRANCHISEE in writing of FRANCHISEE's non-compliance with the OPERATING MANUAL, the DK System, or this Agreement. FRANCHISEE shall have 24 hours after receipt of such notice, or such other greater time period as FRANCHISOR may provide, at its sole discretion, to correct or repair such deficiency or unsatisfactory condition. If FRANCHISEE fails or refuses to correct the non-compliance within the required period of time, FRANCHISOR shall have the right, in addition to all other remedies, to take such corrective action as is, in the sole determination of FRANCHISOR, necessary and appropriate to bring the STORE in compliance with FRANCHISOR's specifications, standards, methods, policies and procedures, and FRANCHISEE shall pay the entire cost thereof to FRANCHISOR on demand.

C. AUDITS

Upon ten (10) days prior written notice, FRANCHISOR, its agents or representatives may audit FRANCHISEE's books and records. In connection with such audit(s) or other operational visits, FRANCHISEE shall keep its cash receipts records, monthly control forms, accounts payable records including all payments to FRANCHISEE's suppliers at the Location or at its business office for five (5) years after their due date, which records shall be available for examination by FRANCHISOR or its representative(s), at FRANCHISOR's request. Without any prior written notice, FRANCHISOR, its agents or representatives may inspect the STORE and FRANCHISEE's daily, weekly and monthly statistical information which is required under the OPERATING MANUAL. FRANCHISEE shall make such information available for such inspections in recognition that an operational inspection cannot succeed without review of essential statistical information. If any audit or other investigation reveals an under-reporting or under-recording error of

two percent (2%) or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by FRANCHISEE upon billing by FRANCHISOR, plus interest as provided under Section 12.D below.

10. NAMES AND MARKS

A. OWNERSHIP OF NAMES AND MARKS

FRANCHISEE's right to use the Names and Marks is derived solely from this Agreement and is limited to the operation of the STORE in compliance with this Agreement at the Location, or a substitute premises hereafter approved by FRANCHISOR as provided in Section 2, and by all applicable standards, specifications and operating procedures prescribed by FRANCHISOR from time to time during the term of this FRANCHISE. FRANCHISEE agrees that all usage of the Names and Marks, including usage on computerized media and/or electronic media if approved by FRANCHISOR (including but not limited to the World Wide Web, the Internet, newsgroups, bulletin boards, FTP, and the like), by FRANCHISEE and any goodwill established thereby shall inure to the exclusive benefit of FRANCHISOR and IP Owner. FRANCHISEE further agrees that after the termination or expiration of the FRANCHISE, it will not directly or indirectly at any time or in any manner identify the STORE, FRANCHISEE, any owner, or other business as a STORE, a former STORE, or as a franchisee of or otherwise associated with FRANCHISOR, or use in any manner or for any purpose any of the Names and Marks or other indicia of a STORE.

B. LIMITATIONS ON FRANCHISEE'S USE OF NAMES AND MARKS

FRANCHISEE agrees to use the Names and Marks as the sole service mark and trade name identification of the STORE. FRANCHISEE shall display a notice in such form as FRANCHISOR may prescribe that FRANCHISEE is an independent owner of the STORE pursuant to this Agreement. FRANCHISEE shall not use any of the Names and Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to FRANCHISEE hereunder), or in any modified form, nor may FRANCHISEE use any Names and Marks in connection with the sale of any unauthorized product or service or in any other manner including via computerized media and electronic media not explicitly authorized in writing by FRANCHISOR. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the STORE and may contain "d/b/a DONUT KING." FRANCHISEE shall obtain any fictitious name, assumed name or "doing business" registration as may be required by law.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

FRANCHISEE shall immediately notify FRANCHISOR of any apparent infringement of or challenge to FRANCHISEE's use of any of the Names and Marks or claim by any person of any rights in any of the Names and Marks and FRANCHISEE shall not communicate with any person other than FRANCHISOR and IP Owner and their counsel in connection with any such infringement, challenge or claim. FRANCHISOR and/or IP Owner shall have sole discretion to take such action as they deem appropriate and the right to exclusively control any litigation or Patent and Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Names and Marks. FRANCHISEE agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of counsel for FRANCHISOR and/or IP Owner, be necessary or advisable to protect and maintain the interests of FRANCHISOR and/or IP Owner in any litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain FRANCHISOR's and IP Owner's interests in any of the Names and Marks.

D. DISCONTINUANCE OF USE OF NAMES AND MARKS

If FRANCHISOR believes at any time that it is advisable for FRANCHISOR and/or for FRANCHISEE to modify or discontinue the use of any of the Names and Marks and/or use one or more additional or substitute name(s), trademarks or service marks, FRANCHISEE will promptly comply (at FRANCHISEE's sole expense) with FRANCHISOR's directions to modify or otherwise discontinue the use of such Name and Marks, or use one or more additional or substitute names, trademarks or service marks, including (but not limited to) replacement of all signage, etc. Neither FRANCHISOR nor any of its affiliates, including IP Owner, will have any liability or obligation (whether of indemnity, expense reimbursement or otherwise) to FRANCHISEE, and FRANCHISEE agrees to make no claim, for, or in connection with, any modification, discontinuance or otherwise, and/or any dispute regarding any of the Names and Marks and/or FRANCHISEE's and/or FRANCHISOR's rights in or to them. FRANCHISOR makes no guaranty that a modification, discontinuance or otherwise may not be required, whether as a result of expiration, termination or limitation of FRANCHISOR's rights to the Names and Marks or otherwise.

E. INDEMNIFICATION OF THE FRANCHISEE.

FRANCHISOR agrees to indemnify FRANCHISEE against and to reimburse FRANCHISEE for all damages for which FRANCHISEE is held liable in any proceeding arising out of FRANCHISEE's use of any of the Names and Marks pursuant to and in compliance with this Agreement and for all costs reasonably incurred by FRANCHISEE in the defense of any such claim brought against FRANCHISEE or in any such proceeding in which FRANCHISEE is named as a party; provided that FRANCHISEE has timely notified FRANCHISOR of such claim or proceeding and has otherwise complied with this Agreement.

11. INITIAL FRANCHISE FEE

A new FRANCHISEE shall pay to FRANCHISOR an initial franchise fee for the FRANCHISE in the amount of \$15,000. If FRANCHISEE is an existing Donut King franchisee purchasing a franchise for an additional outlet, FRANCHISEE shall pay to FRANCHISOR an initial franchise fee for the FRANCHISE in the amount of \$7,500. The initial franchise fee is payable in immediately available funds upon the execution of this Agreement and is deemed fully earned by FRANCHISOR upon execution of this Agreement and shall be non-refundable in whole or in part, under any circumstances.

12. ROYALTY FEE

A. AMOUNT OF ROYALTY FEE

FRANCHISEE agrees to pay to FRANCHISOR a royalty fee ("Royalty Fee") of six percent (6%) of the Gross Sales (as defined in Section 12.B below) of the STORE, payable as provided in Section 12.C.

B. DEFINITION OF "GROSS SALES"

As used in this Agreement, the term "Gross Sales" shall mean and include the total actual gross charges for all products and services sold to customers of the STORE, for cash or credit, whether such sales are made at or from the premises of the STORE, or any other location or other channels of distribution if approved in writing in advance by FRANCHISOR but excluding: sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority; customer refunds and adjustments.

C. PAYMENT OF ROYALTY FEE AND MARKETING FUND CONTRIBUTIONS AND OTHER AMOUNTS DUE

FRANCHISOR will debit FRANCHISEE's business checking account (the "EFT Account") for Royalty Fees and Marketing Fund contributions weekly on each Thursday based on the STORE's Gross Sales during the preceding week (or as FRANCHISOR may otherwise prescribe from time to time in its sole discretion). FRANCHISEE hereby authorizes FRANCHISOR and its affiliates to debit FRANCHISEE's EFT Account for the Royalty Fee, Marketing Fund contributions (as defined below) and all other amounts due (including, but not limited to, the monthly POS Fee and PCI Fee) to FRANCHISOR or its affiliates under this Agreement or otherwise. FRANCHISEE agrees to ensure that funds are available in the EFT Account to cover FRANCHISOR's withdrawals. Upon FRANCHISOR's request, FRANCHISEE agrees to sign any additional documents FRANCHISOR requires to authorize FRANCHISOR to debit FRANCHISEE's EFT Account.

Also, FRANCHISOR may debit FRANCHISEE's EFT Account for an estimated Royalty Fee and Marketing Fund contribution on the date it is due. FRANCHISOR will calculate its estimate of FRANCHISEE's Royalty Fee and Marketing Fund contribution by using a Gross Sales figure that is equal to one hundred twenty percent (120%) of the average weekly Gross Sales of the STORE for the previous six weeks. If the amounts that FRANCHISOR debits from FRANCHISEE's EFT Account are less than the amounts FRANCHISEE actually owes FRANCHISOR (once FRANCHISOR has determined the STORE's true and correct Gross Sales), FRANCHISOR will debit FRANCHISEE's EFT Account for the balance on the day FRANCHISOR specifies. If the amounts that FRANCHISOR debits from FRANCHISEE's EFT Account are greater than the amounts FRANCHISEE actually owes FRANCHISOR, FRANCHISOR will credit the excess against the amounts FRANCHISOR otherwise would debit from FRANCHISEE's EFT Account on the next payment date.

FRANCHISOR may require FRANCHISEE to pay any amounts due under this Agreement or otherwise by means other than debiting FRANCHISEE's EFT Account or automatic debit (e.g., by check) whenever FRANCHISOR deems appropriate, and FRANCHISEE agrees to comply with FRANCHISOR's payment instructions.

FRANCHISEE is responsible for paying all service charges and other fees imposed or otherwise resulting from action by FRANCHISEE's bank in connection with the electronic funds transfers ("EFT") by FRANCHISOR, including, without limitation, any and all service charges and other fees arising in connection with any EFT by FRANCHISOR not being honored or processed by FRANCHISEE's bank for any reason and a Fifty Dollar (\$50) charge by FRANCHISOR for processing the EFT.

D. INTEREST ON LATE PAYMENTS AND LATE FEES

All Royalty Fees, Marketing Fund contributions and any other amounts owed to FRANCHISOR or its affiliates by FRANCHISEE, pursuant to this Agreement, shall bear interest after due date at the highest legal rate for open account business credit in the state in which the STORE is located not to exceed one and one-half percent (1 1/2%) per month. FRANCHISEE must also pay FRANCHISOR or its affiliates a late fee of Two Hundred Fifty Dollars (\$250) per occurrence subject to applicable law. FRANCHISEE acknowledges that this Section 12.D shall not constitute FRANCHISOR's agreement to accept such payments after they are due or a commitment by FRANCHISOR to extend credit to or otherwise "finance" FRANCHISEE's operation of the STORE. Further, FRANCHISEE acknowledges that its failure to pay any amounts when due will constitute a breach of this Agreement as provided in Section 13.B notwithstanding the provisions of this Section 12.D.

Additionally, if FRANCHISEE fails to pay all Royalty Fees and Marketing Fund contributions to FRANCHISOR and to adhere to the standard credit terms of FRANCHISOR or its affiliate with respect to payment for any PRODUCTS, FRANCHISOR and its affiliates reserve the right to cease selling PRODUCTS to FRANCHISEE or to require FRANCHISEE to pay cash on delivery by certified check until such time as FRANCHISEE cures the payment default.

13. TERMINATION OF FRANCHISE

A. TERMINATION BY FRANCHISEE

If FRANCHISEE has materially complied with all of its obligations under this Agreement and FRANCHISOR has materially breached this Agreement, FRANCHISEE will have a right to terminate this Agreement if (1) FRANCHISEE provides FRANCHISOR with written notice of FRANCHISOR's breach within ninety (90) days of the occurrence of the material breach and (2) FRANCHISOR fails to cure FRANCHISOR's breach within sixty (60) days after FRANCHISOR receives the written notice of such breach or, in a case where FRANCHISOR's breach cannot reasonably be cured within sixty (60) days after FRANCHISOR receives written notice of its breach, if FRANCHISOR fails to provide FRANCHISEE with reasonable evidence of FRANCHISOR's continuing efforts to correct its breach within a reasonable time. If FRANCHISOR disputes the occurrence of a material breach or FRANCHISEE's allegation that FRANCHISOR has failed to timely cure any breach or to provide FRANCHISEE with reasonable evidence of FRANCHISOR's continuing efforts to correct its breach within a reasonable time, then FRANCHISOR will provide FRANCHISEE with written notice of the dispute. FRANCHISEE must then commence mediation pursuant to this Agreement within twenty (20) days after FRANCHISEE receives such written notice. FRANCHISEE's failure to commence mediation within such twenty (20) day period shall operate as a waiver of any alleged breach by FRANCHISOR to date. The mediation is to be administered by the American Arbitration Association (AAA) or ADR in Cook County, Illinois, and conducted by one (1) mediator selected by the AAA or ADR under the then-current commercial mediation rules of the American Arbitration Association or ADR, at a facility selected by the mediator that is located within fifty (50) miles of FRANCHISOR's then-current principal place of business. During the pendency of the mediation proceeding (or arbitration proceeding if the dispute cannot be resolved by mediation), this Agreement shall not terminate unless otherwise terminable by FRANCHISOR hereunder or upon agreement of the parties.

To terminate this Agreement under this Section 13.A, FRANCHISEE must give FRANCHISOR a separate written notice of termination which will be effective thirty (30) days after delivery of such notice to FRANCHISOR.

B. BY FRANCHISOR

FRANCHISOR shall have the right to terminate this Agreement for "good cause" upon delivering notice of termination to FRANCHISEE. For purposes of this Agreement, "good cause" shall include, but not be limited to: (i) a material breach of this Agreement or any other agreement between FRANCHISEE and FRANCHISOR or any of its affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between FRANCHISEE and FRANCHISOR or any of its affiliates, and (iii) the breaches set forth below:

(1) **Immediate Termination.** FRANCHISEE shall be deemed to be in default and FRANCHISOR may terminate this Agreement and all rights granted hereunder, without affording FRANCHISEE any opportunity to cure the default, effective immediately upon receipt of notice by FRANCHISEE, and such termination shall be for good cause where the grounds for termination are:

(a) FRANCHISEE has made any material misrepresentation or omission in applying for the franchise or in executing or performing under this Agreement or any other agreement between FRANCHISEE and FRANCHISOR or any of its affiliates;

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

(c) FRANCHISEE files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against FRANCHISEE or a receiver is appointed for FRANCHISEE's business, or a final judgment remains unsatisfied or of record for thirty (30) days or longer; or if FRANCHISEE is a corporation, limited liability company or partnership, FRANCHISEE is dissolved;

(d) FRANCHISEE voluntarily abandons or discontinues to actively operate the STORE for two (2) business days or more in any twelve (12) month period;

(e) FRANCHISEE operates the STORE in a manner that presents a health or safety hazard to its customers, employees or the public;

(f) FRANCHISEE or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the DK System or the goodwill associated with the Name and Marks;

(g) FRANCHISEE or any partner, member or shareholder in FRANCHISEE makes, purports to make or attempts to make an unauthorized direct or indirect transfer of this Agreement or any rights or obligations under this Agreement, or makes, purports to make or attempts to make an unauthorized direct or indirect transfer of an ownership interest in the STORE, or fails or refuses to transfer the STORE or the interest in the STORE of a deceased or disabled controlling owner thereof as otherwise required in this Agreement;

(h) FRANCHISEE falsifies any financial reports or records required to be provided by FRANCHISEE to FRANCHISOR under this Agreement or an audit of FRANCHISEE's records discloses an understatement by FRANCHISEE of its Gross Sales by two percent (2%) or more;

(i) FRANCHISEE's disclosure, utilization, or duplication of any portion of the DK System, the Operating Manual or other proprietary or Confidential Information relating to the STORE that is contrary to the provisions of this Agreement;

(j) FRANCHISEE defaults under the lease or sublease, or otherwise loses the right to possess the premises at the Location approved for the STORE and fails to secure a Substitute Location approved by FRANCHISOR within ninety (90) days after the STORE ceases to operate from the Location;

(k) FRANCHISEE fails to comply with the confidentiality and non-competition covenants, as required in Sections 7 and 14.F herein;

(l) FRANCHISEE offers, sells, markets, distributes, delivers, serves and/or promotes any products/services which are not authorized by FRANCHISOR as required in Section 6.D, above;

(m) FRANCHISEE closes any bank account without completing all of the following forthwith after such closing; (i) immediately notifying FRANCHISOR thereof in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to FRANCHISOR all documents necessary for FRANCHISOR to begin and continue making withdrawals from such bank account by electronic funds transfer in accordance with Section 12.C of this Agreement;

(n) FRANCHISEE loses or fails to obtain or maintain, any permit or license necessary to operate the STORE; or

(o) FRANCHISEE, having defaulted pursuant to Section 13.B(2) herein, commits the same act of default again within any twelve (12) consecutive month period, whether or not such default is cured after notice thereof is delivered to FRANCHISEE, or if FRANCHISEE receives three (3) or more default notices from FRANCHISOR within any twelve (12) consecutive monthly period or six (6) or more default notices from FRANCHISOR during the term of this Agreement, whether or not any such defaults were related to the same problem or were cured after notice thereof to FRANCHISEE.

(2) **Termination with Notice.** In addition to the provisions of Section 13.B(1), if FRANCHISEE is in default under the terms of this Agreement and the default is not cured or remedied (to FRANCHISOR's satisfaction) within thirty (30) days after receipt of written notice from FRANCHISOR (or ten (10) days prior notice in the event of a default described in Subsections (c), (g), (h), (i), (k), and (q) below), in addition to all other remedies available to FRANCHISOR at law or in equity, FRANCHISOR may at any time thereafter immediately terminate this Agreement. If any such default is not cured within the specified cure period, this Agreement shall terminate without further notice to FRANCHISEE effective immediately upon expiration of the cure period. FRANCHISEE shall be in default, and each of the following shall constitute good cause for termination under this Agreement:

(a) FRANCHISEE fails to secure control of a FRANCHISOR-approved location and open the STORE for business within twelve (12) months after signing this Agreement;

(b) FRANCHISEE fails or neglects to obtain FRANCHISOR's prior written approval or consent when approval or consent is required by this Agreement [except for a transfer or attempted transfer of an interest in this Agreement without approval (for which FRANCHISOR has the right to terminate this Agreement immediately without right to cure), as provided in Section 13.B(1)(f) above];

(c) FRANCHISEE uses any name, marks, system or symbol not authorized by FRANCHISOR, or FRANCHISEE commits any act or practice that impairs or imminently threatens to impair the goodwill associated with the Names and Marks, as determined by FRANCHISOR;

(d) FRANCHISEE fails to comply with any provision of this Agreement that does not otherwise provide for immediate termination, or FRANCHISEE's bad faith in carrying out the terms of this Agreement;

(e) FRANCHISEE fails (i) to maintain books and financial records for the STORE suitable for proper financial audit, (ii) to submit, as required by this Agreement, all reports, records and information of the STORE or (iii) to permit FRANCHISOR to carry out FRANCHISOR's rights to conduct an inspection or audit, as provided in this Agreement;

(f) if FRANCHISEE has elected not to directly supervise "on-premises" the day-to-day store operations, FRANCHISEE's store manager fail to complete, to FRANCHISOR's satisfaction, the training program as provided in this Agreement;

(g) FRANCHISEE fails or refuses to pay when due any amount owing to FRANCHISOR or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the STORE;

(h) FRANCHISEE fails or refuses to pay when due any amounts owing to any person or entity in connection with the construction, equipment, products, leasing, financing, operation or supply of the STORE, except, in FRANCHISOR's sole judgment, for disputed amounts that FRANCHISEE is working in good faith to resolve;

(i) FRANCHISEE fails to maintain or suffers cancellation of any insurance coverage required under this Agreement;

(j) FRANCHISEE violates any health or safety law, ordinance or regulation;

(k) FRANCHISEE fails to comply with then current STORE staffing requirements, as stated by FRANCHISOR in the Operating Manual or in other written requirements;

(l) FRANCHISEE fails to obtain execution of the confidentiality and non-competition covenants as required in Sections 7 and 14, herein;

(m) FRANCHISEE fails to execute any exhibits, addendum, attachments, or agreements to this Agreement requiring FRANCHISEE's signature;

(n) If FRANCHISEE, by act or omission, permits a continued violation in connection with the operation of the STORE of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief there from;

(o) FRANCHISEE fails to maintain and operate the STORE in accordance with any provisions, specifications, methods, standards or procedures prescribed by FRANCHISOR for the DK System, including, but not limited to, complying with the Operating Manual and other written materials, and maintaining uniform high standards for product quality, customer service, and a clean STORE in orderly condition and excellent repair;

(p) FRANCHISEE fails to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the business as established by FRANCHISOR; or

(p) FRANCHISEE fails to use an approved or designated supplier for a specified product or service, as required by FRANCHISOR.

C. RIGHT OF FRANCHISOR TO DISCONTINUE PRODUCTS TO FRANCHISEE AFTER NOTICE OF DEFAULT TO FRANCHISEE

If FRANCHISOR delivers to FRANCHISEE a notice of default or non-compliance pursuant to Section 13.B of this Agreement, in addition FRANCHISOR's other rights and remedies, FRANCHISOR reserves the right of FRANCHISOR (and its affiliates), if currently selling PRODUCTS, to discontinue selling PRODUCTS to FRANCHISEE until such time as FRANCHISEE corrects the default.

D. CROSS-DEFAULTS, NON-EXCLUSIVE REMEDIES, ETC.

Any default by FRANCHISEE (or any person/company affiliated with FRANCHISEE) under the terms and conditions of this Agreement or any lease or sublease, or any other agreement between FRANCHISOR, or its affiliate, and FRANCHISEE, shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of this Agreement, or any other agreement between the parties hereto, FRANCHISOR may, at its option, terminate any or all said agreements. No right or remedy which FRANCHISOR may have (including termination) is exclusive of any other right or remedy provided under law or equity and FRANCHISOR may pursue any rights and/or remedies available.

14. FRANCHISEE'S OBLIGATION UPON TERMINATION OR EXPIRATION

A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

FRANCHISEE agrees to pay to FRANCHISOR and its affiliates within ten (10) days after the effective date of termination or expiration of the FRANCHISE, such Royalty Fees, Marketing Fund contributions, amounts owed for PRODUCTS purchased by FRANCHISEE from FRANCHISOR and its affiliates, and all other amounts owed to FRANCHISOR and its affiliates which are then unpaid, including any interest and late fees due pursuant to this Agreement as provided in Section 12.D.

B. RETURN OF MANUALS

Upon termination or expiration of the FRANCHISE, FRANCHISEE shall immediately return all copies of the OPERATING MANUAL for a STORE.

C. DISCONTINUE USE OF INTELLECTUAL PROPERTY, CONFIDENTIAL INFORMATION AND TRADE DRESS

Upon termination or expiration of the FRANCHISE, FRANCHISEE shall have no further rights to use, in any manner, the DK System or the Names and Marks. FRANCHISEE agrees to immediately and permanently discontinue operation of the STORE and any use of the intellectual property and/or the Confidential Information owned by FRANCHISOR, and will not use any similar or derivative marks, or materials, or colorable imitations of any such intellectual property in any medium or manner or for any purpose.

FRANCHISEE will remove from public view any distinctive signage, physical and/or structural features associated with the STORE, so that the premises are clearly distinguished from other

STORES and do not create any public confusion (to the extent the STORE has not been assigned in connection with an authorized transfer or purchased by FRANCHISOR).

FRANCHISEE agrees not to identify itself, or any business it may operate or in which it may become involved, or to advertise or promote itself in any manner, as a present or former STORE franchisee or in any way connected with STORE.

D. CANCELLATION OF ASSUMED NAMES, TRANSFER OF PHONE NUMBERS AND INTERNET SITES

FRANCHISEE agrees that upon termination or expiration of the FRANCHISE, it will take such action as may be required to cancel all fictitious and assumed names or equivalent registrations relating to its use of the Names and Marks and to notify the telephone/communication service provider and all listing agencies of the termination or expiration of FRANCHISEE's right to use any telephone number and any classified and other telephone directory listings associated with any Names and Marks and with a STORE and to authorize transfer of same to FRANCHISOR or its designee. FRANCHISEE acknowledges that as between FRANCHISOR and FRANCHISEE, FRANCHISOR has the sole right to and interest in all telephone numbers and directory listings associated with any Names and Marks of the STORE and FRANCHISEE authorizes FRANCHISOR, and hereby appoints FRANCHISOR and any officer of FRANCHISOR as its attorney-in-fact, to direct the telephone/communication service provider and all listing agencies to transfer the same to FRANCHISOR or its designee should FRANCHISEE fail or refuse to do so. The telephone/communication service provider and all listing agencies may accept such direction or this Agreement as conclusive evidence of the exclusive rights of FRANCHISOR in such telephone numbers and directory listings and its authority to direct their transfer.

FRANCHISEE shall sign any documents and/or pay any amounts required by a telephone or communication services provider as a condition to FRANCHISOR exercising any rights under this Section. If FRANCHISOR is required to pay any amounts owed by FRANCHISEE, to any telephone/communication services provider or otherwise, in connection with FRANCHISOR exercising its rights under this Section or otherwise obtaining/exercising rights to the telephone numbers, FRANCHISEE will immediately reimburse FRANCHISOR for such amounts and all related costs, on demand.

FRANCHISEE shall cancel, or if FRANCHISOR so elects shall assign to FRANCHISOR, all ownership of any and all computerized media or electronic media, including but not limited to the World Wide Web, Internet addresses/sites, Social Media, news groups, bulletin boards, FTP, and the like which presently or which may later exist.

FRANCHISEE shall also comply as to the terms of the Telephone Listing Agreement attached hereto as Exhibit G.

E. FRANCHISOR HAS RIGHT TO PURCHASE STORE

If this Agreement is terminated prior to its scheduled expiration date by FRANCHISOR in accordance with the provisions of this Agreement, FRANCHISOR or its designee shall have the right and option (exercisable by written notice thereof within thirty (30) days after the determination of the purchase price pursuant to this Paragraph) to purchase (at the purchase price determined pursuant to this Paragraph) from FRANCHISEE some or all of the assets (including FRANCHISEE's inventory of saleable PRODUCTS) of the STORE and if the premises were not leased to FRANCHISEE by FRANCHISOR or its affiliates, the right to an assignment of FRANCHISEE's lease or sublease for the premises of the STORE (or,

if assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as FRANCHISEE's lease). There shall be no provision for payment for leasehold improvements, the title of which shall be governed by the terms of FRANCHISEE's lease or sublease for the STORE premises. The purchase price for the assets of the STORE shall be the depreciated value of those assets as shown on FRANCHISEE's most current federal tax return; provided that the purchase price shall not contain any factor or increment for "goodwill" or "going concern value." FRANCHISOR may exclude from the assets purchased hereunder any fixtures, equipment, signs or PRODUCTS and supplies in the inventory of the STORE that are not approved as meeting quality standards for a STORE. The purchase price shall be paid by FRANCHISOR in cash at the closing of the purchase, offset by any amounts owed to FRANCHISOR by FRANCHISEE. Contemporaneously therewith, FRANCHISEE shall: (i) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances to FRANCHISOR or its nominee with all sales and other transfer taxes paid by FRANCHISEE; and (ii) assign or transfer all licenses or permits which may be assigned or transferred. In the event that FRANCHISEE cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Further, FRANCHISEE and FRANCHISOR shall, prior to closing, comply with any applicable bulk filings required in the state where the STORE is located. If FRANCHISOR exercises its option to purchase, pending the closing of such purchase as hereinabove provided, FRANCHISOR shall have the right to appoint a manager to maintain the operation of the STORE. Alternatively, FRANCHISOR may require FRANCHISEE to close the STORE during such time period without removing therefrom any assets. FRANCHISEE shall maintain in force all required insurance policies until the date of closing. In connection with such purchase, FRANCHISEE (and each owner and/or affiliate of FRANCHISEE) will execute a general release, in form prescribed by FRANCHISOR, of any and all claims, liabilities and/or obligations against FRANCHISOR and its affiliates.

If agreement on the depreciated value is not reached by FRANCHISEE and FRANCHISOR within eight (8) days after the effective date of termination, the determination of depreciated value (as above defined) shall be submitted to an independent appraiser selected by FRANCHISOR. All fees, costs and expenses of such independent appraiser shall be borne equally by FRANCHISOR and FRANCHISEE.

If FRANCHISOR does not exercise its option to purchase, FRANCHISEE shall, within ten (10) days after the earlier of (i) the expiration of the option period, or (ii) service of written notice that FRANCHISOR does not intend to exercise its option, physically remove from the STORE, obliterate any painting/sign, and cease to use in the STORE and elsewhere, all names, distinctive architectural or other designs, signs, pictures, and other advertising and equipment which are indicative of FRANCHISOR or FRANCHISEE. All PRODUCTS which are not merchantable due to deterioration or which are "out-of-date" shall be destroyed by FRANCHISEE.

F. COVENANT NOT TO COMPETE

To prevent a conflict of interest and unfair competition based upon FRANCHISEE's knowledge and use of the DK System, the Name and Marks, and other Confidential Information, FRANCHISEE and all officers, directors, and holders of beneficial interests of FRANCHISEE covenant and agree that they will not, without FRANCHISOR's prior written consent, either directly or indirectly through any other person or entity, own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in any Competing Business: (i) during the term of this Agreement and any extensions or renewals, at any location other than the STORE; (ii) for two (2) years after the expiration, termination or non-renewal (by FRANCHISOR or by FRANCHISEE for any reason) of this Agreement, anywhere within a ten (10) mile radius of the STORE licensed under this Agreement or any other STORE franchised or owned and operated by FRANCHISOR, its parent, or any of its affiliates; and (iii) for two (2) years after FRANCHISEE has

transferred its interest in the FRANCHISE, anywhere within a ten (10) mile radius of the STORE licensed under this Agreement or any other STORE franchised or owned and operated by FRANCHISOR, its parent, or its affiliates. "Competing Business" means a business that principally offers products and services substantially similar to those being offered by the majority of DONUT KING STORES or that franchises or otherwise grants others the right to sell such products or services.

If the event of a violation of this Section 14.F, FRANCHISOR has the right to require that all sales made by the Competing Business be reported to FRANCHISOR. FRANCHISEE will pay to FRANCHISOR, on demand, a weekly fee of Seven Hundred Fifty Dollars (\$750) without being deemed to revive or modify this Agreement. These payments are liquidated damages to compensate FRANCHISOR for its damages from the violation of the covenant not to compete and shall not preclude FRANCHISOR from seeking injunctive relief to prevent further violation.

FRANCHISEE agrees that the restrictions contained in this Section 14.F are reasonable and necessary to protect the legitimate interests of FRANCHISOR and its other Donut King franchisees. If, however, any court should find Section 14.F or any portion of Section 14.F to be unenforceable and/or unreasonable, the court is authorized and requested to reduce the scope or duration of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised. This Section 14.F does not apply to ownership of less than five percent (5%) beneficial interest in the equity securities of any publicly held corporation.

FRANCHISOR shall have the right to reduce the scope of any covenant not to compete in this Agreement, or any portion thereof, without FRANCHISEE's consent, effective upon receipt by FRANCHISEE of written notice thereof. FRANCHISEE shall comply with any covenant as so modified.

G. CONTINUING OBLIGATIONS

All obligations of FRANCHISOR and FRANCHISEE which expressly or by their nature survive the expiration or termination of the FRANCHISE shall continue in full force and effect subsequent to the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

15. ASSIGNMENT, TRANSFER AND ENCUMBRANCE

A. BY FRANCHISOR

This Agreement, and any or all of FRANCHISOR's rights and/or obligations under it, are fully transferable by FRANCHISOR in whole or in part, without the consent of FRANCHISEE and shall inure to the benefit of any person or entity to whom FRANCHISOR transfers it, or to any other legal successor to FRANCHISOR's interests in this Agreement.

B. FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF FRANCHISOR

The FRANCHISE is personal to FRANCHISEE (and its owners) and neither the FRANCHISE, this Agreement (except as hereinafter provided with respect to assignment to a partnership, limited liability company or corporation), the STORE or its assets (other than in the ordinary course of its business) nor any part or all of the ownership of FRANCHISEE may be voluntarily, involuntarily, directly or indirectly assigned, subdivided, sub-franchised or otherwise transferred (including, without limitation, in the event of the death of FRANCHISEE or an owner of FRANCHISEE, by will, declaration of or transfer in trust or the laws of intestate succession) without the prior written consent of FRANCHISOR, and any such assignment

or transfer without such consent shall constitute a breach hereof and shall convey no rights to or interest in the FRANCHISE, this Agreement, the STORE or its assets or any part or all of the ownership interest in FRANCHISEE, and shall be null and void. A transfer of ownership in the STORE may only be made in conjunction with a transfer of the FRANCHISE. If the transfer is of the FRANCHISE, this Agreement or a controlling interest in FRANCHISEE, or is one of a series of transfers which in the aggregate constitute the transfer of the FRANCHISE, this Agreement or a controlling interest in FRANCHISEE, all of the following conditions must be met prior to, or concurrently with the effective date of the transfer: (1) the transferee must have sufficient business experience and financial resources; (2) the transferee must assume all existing obligations of the transferor hereunder and under the lease or sublease; (3) the transferee must attend and complete the training program to the satisfaction of FRANCHISOR; (4) if any part of the sale price of the transferred interest is financed, FRANCHISEE and its owners and the transferor shall have agreed that all obligations of the transferee to either of them shall be subordinate to the obligations of the transferee to pay all fees and other amounts due to FRANCHISOR and its affiliates, and otherwise comply with the Agreement or the franchise agreement executed by the transferee; (5) the STORE must be in compliance with or be brought up to the then-current design and equipment standards for STORES; and (6) the transferee must execute and be bound by all provisions of FRANCHISOR's then-current form of franchise agreement (and sublease if the STORE was subleased directly from FRANCHISOR or its affiliates), which may provide for a higher Royalty Fee and Marketing Fund contributions and other significant provisions may vary from what is provided hereunder and shall provide for a term equal to the remaining term of the FRANCHISE.

FRANCHISOR shall not charge such transferee an initial franchise fee for the FRANCHISE, but will charge the transferor an assignment fee ("Transfer Fee") to cover FRANCHISOR's costs in approving and effectuating the assignment. The amount of the Transfer Fee is: \$7,500 for the transfer of one STORE; \$12,500 for two STORES transferred simultaneously to the same transferee; and if more than two STORES are transferred simultaneously to the same transferee, an additional \$2,500 will be charged per each additional transferred STORE. FRANCHISEE shall deposit in escrow funds equal to the anticipated cost of any refurbishing or remodeling necessary to bring the STORE up to the then-current design and equipment standards at the time of the assignment. Funds from the escrow account will be released to FRANCHISEE as per invoice submitted by FRANCHISEE evidencing work completed to FRANCHISOR.

C. ASSIGNMENT TO PARTNERSHIP, LIMITED LIABILITY COMPANY OR CORPORATION

If FRANCHISEE is in full compliance with this Agreement, FRANCHISOR shall not unreasonably withhold its consent to a transfer of the FRANCHISE, this Agreement, the STORE and its assets to a partnership, limited liability company or corporation which conducts no business other than the STORE (and other STORES under franchise agreements with FRANCHISOR), which is actively managed by FRANCHISEE and in which FRANCHISEE owns and controls not less than fifty-one percent (51%) of the equity and voting power of all issued and outstanding stock or membership or partnership interest; provided that the corporation, limited liability company or partnership execute FRANCHISOR's standard assignment and assumption agreement, and the shareholders, members or partners, in form approved by FRANCHISOR, agree to be personally bound jointly and severally by all provisions of this Agreement and guarantee the performance thereof and all other agreements between FRANCHISEE and FRANCHISOR and its affiliates, to the same extent as if they had been parties to the original agreements, and all issued and outstanding stock certificates of such corporation shall bear a legend reflecting or referring to the restrictions of Section 15.B.

D. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If FRANCHISEE or its owners shall at any time determine to sell the FRANCHISE, this Agreement, the STORE or its assets or an ownership interest in FRANCHISEE, FRANCHISEE or its owners shall obtain a bona fide, executed written offer accompanied by a cashier's check for ten percent (10%) of the purchase price to serve as forfeitable earnest money thereunder, from a responsible and fully identified purchaser and shall submit an exact copy of such offer to FRANCHISOR. FRANCHISOR or its designee shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, exercisable by written notice to FRANCHISEE or its owners, to purchase the interest for the price and on the terms and conditions contained in such offer; provided that FRANCHISOR or its designee may substitute cash for any form of payment proposed in such offer. If FRANCHISOR or its designee does not exercise this right of first refusal, FRANCHISEE or its owners may complete the sale of the FRANCHISE, the STORE and its assets or such ownership interest to such purchaser (on the terms of the bona fide offer subject to FRANCHISOR's approval of the purchaser as provided in Section 15.B); provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to FRANCHISOR, FRANCHISOR or its designee shall again have the right of first refusal as stated herein.

E. DEATH OR PERMANENT DISABILITY OF FRANCHISEE

Upon the death or permanent disability of FRANCHISEE or if FRANCHISEE is a corporation, limited liability company or partnership, upon the death or permanent disability of the owner of the controlling interest in FRANCHISEE, the executor, administrator, conservator or other personal representative of such person shall transfer his interest to the heirs or beneficiaries of such person or to a third party approved by FRANCHISOR within a period of twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers contained in this Agreement. Failure to so dispose of such interest within said period of time shall constitute a breach of this Agreement. FRANCHISEE shall be deemed to have a "permanent disability" if the usual, active participation in the STORE by FRANCHISEE pursuant to this Agreement is for any reason curtailed for a continuous period of six (6) months.

If after the death or permanent disability of FRANCHISEE (or the Managing Owner), the STORE is not being managed by a competent and trained manager (as determined by FRANCHISOR in its sole discretion), FRANCHISOR is authorized to immediately appoint a manager to maintain the operation of the STORE for a period not to exceed twelve (12) months or until an approved assignee shall be able to assume the management and operation of the STORE.

F. RELEASE, EFFECT OF TRANSFER

In connection with any assignment, subdivision, transfer or other permanent disposition of any interest of or by FRANCHISEE (including, but not limited to, an assignment to a corporation) FRANCHISEE and each of its owners and/or affiliates and the transferee (and each owner and/or affiliate of the transferee) if the transferee or such owner and/or affiliate is or has been a franchisee of, or had any other relationship with, FRANCHISOR or any of its affiliates must execute a general release in the form approved by FRANCHISOR.

FRANCHISOR's consent to a transfer, or failure to exercise any right-of-first-refusal, will not constitute a waiver of any claims FRANCHISOR may have against FRANCHISEE (or its owners or affiliates), nor will it be deemed a waiver of FRANCHISOR's right to demand exact compliance with any of the terms or conditions of this Agreement or any other agreement by any transferor or transferee. Unless

FRANCHISOR expressly in writing releases FRANCHISEE from its obligations under this Agreement (which FRANCHISOR has no obligation to do), FRANCHISEE will remain and be liable for all of the payment and other obligations under this Agreement (and any other agreement with FRANCHISOR and/or any affiliate) and any Franchise Agreement and/or other agreement executed by any transferee. Any transfer (including any transfer consented to by FRANCHISOR and even if the transferee executes a new franchise agreement) will not act as a termination of FRANCHISEE's (or its owner's) confidentiality, indemnity, covenant not to compete and other obligations under this Agreement which by their nature survive the term of this Agreement. In the event of a transfer of an ownership interest in FRANCHISEE, the transferring owner must also comply with such obligations, including, without limitation, the covenant not to compete under Section 14.F.

16. DISPUTE RESOLUTION

For the purposes of this Section 16, "FRANCHISEE" shall be deemed to include its owners, affiliates and its respective employees, and "FRANCHISOR" shall be deemed to include FRANCHISOR, its parent, and its affiliates.

A. MEDIATION, MANDATORY BINDING ARBITRATION, AND WAIVER OF COURT TRIAL

FRANCHISEE and FRANCHISOR believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. FRANCHISEE and FRANCHISOR have agreed that the provisions of this Section 16 support these mutual objectives and, therefore, agree as follows:

(1) **Claim Process.** Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where FRANCHISEE is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving FRANCHISEE and FRANCHISOR on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be processed in the following manner, FRANCHISEE and FRANCHISOR each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 16.A(4).

(a) First, discussed in a meeting held within thirty (30) days after either FRANCHISEE or FRANCHISOR give written notice to the other proposing such a meeting.

(b) Second, if not resolved, submitted to non-binding mediation for a minimum of four hours. FRANCHISEE and FRANCHISOR will split the costs and each will bear their own expenses of the first four (4) hours of any mediation, and no mediation is required to extend beyond such four-hour period. Any mediation/arbitration will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. If FRANCHISEE or FRANCHISOR do not want to participate in a meeting or mediation, then they may proceed to arbitration as provided below.

(c) Third, submitted to and finally resolved by binding arbitration before a single arbitrator in the county where FRANCHISOR's then-current headquarters is located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at

the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction.

(2) **Confidentiality.** The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

(3) **Fees and Costs.** The parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the party who does not prevail.

(4) **Disputes Not Subject to the Mediation/Arbitration Process.** Claims or disputes relating primarily to (a) the Names and Marks and/or any intellectual property licensed to FRANCHISEE, and (b) injunctive relief for health and safety issues, may be subjected to court proceedings, at FRANCHISOR's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Names and Marks and/or any intellectual property licensed to FRANCHISEE and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Claim Process outlined above.

(5) **Intentions of FRANCHISEE and FRANCHISOR.** FRANCHISEE and FRANCHISOR mutually agree that, notwithstanding any contrary provisions of state, federal or other law, and/or any statements in FRANCHISOR's franchise disclosure document required by a state or the Federal government as a condition to registration or for some other purpose:

(a) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

(b) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring Claims;

(c) FRANCHISEE and FRANCHISOR intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(d) **FRANCHISEE and FRANCHISOR each knowingly waive all rights to a court trial (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and**

(e) the terms of this Agreement (including but not limited to this Section 16) shall control with respect to any matters of choice of law. Nothing in this or any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the franchise disclosure document it furnished to FRANCHISEE.

B. VENUE

Without in any way limiting or otherwise affecting the obligations of FRANCHISEE and FRANCHISOR under Section 16.A above, FRANCHISEE and FRANCHISOR agree that any litigation will be brought in a court of competent jurisdiction in the county where FRANCHISOR's then-current headquarters is located.

C. TERMS APPLICABLE TO ALL PROCEEDINGS, WAIVER OF TRIAL BY JURY, CERTAIN CLAIMS, AND CLASS ACTION RIGHTS

With respect to any arbitration, litigation or other proceeding of any kind, FRANCHISEE and FRANCHISOR:

(1) **knowingly waive all rights to trial by jury;** and

(2) **will pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis.**

D. LIMITATIONS ON CLAIMS

Neither party may make claims for emotional distress, whether negligent or intentional, nor punitive damages.

E. PERIODS IN WHICH TO MAKE CLAIMS

No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either FRANCHISEE or FRANCHISOR will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other Claim of any type, unless such party commences such arbitration proceeding, action or suit before the expiration of the earlier of:

(1) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

(2) Eighteen (18) months after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Section, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party(ies) have been found liable and any time for appeals has run in the underlying action.

F. SEVERABILITY OF PROVISIONS

Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution), and the remainder of this Agreement will continue in full force and effect.

G. CHOICE OF LAWS

FRANCHISEE and FRANCHISOR agree on the practical business importance of certainty as to the law applicable to their relationship and its possible effect on the development and competitive position of the DK System. Therefore, FRANCHISEE and FRANCHISOR also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning FRANCHISEE and FRANCHISOR, will be governed by, and construed and enforced in accordance with, the laws of the State of Illinois, except that if a provision of this Agreement would not be enforceable under the laws of Illinois, and if the Location is outside of Illinois and the provision would be enforceable under the laws of the state in which the Location is located, then that provision will be governed by the laws of the state in which the Location is located. The provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall **not** apply unless that state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section 16.G. FRANCHISEE and FRANCHISOR agree that this provision shall be enforced without regard to the laws of Illinois relating to conflicts of laws or choice of law.

H. NO RECOURSE AGAINST NON-PARTY AFFILIATES

All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement ("Contracting Parties"). No person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar

agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective third party beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other person or entity.

17. CONSTRUCTION, ETC.

Except as expressly provided otherwise, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies on any person or legal entity not a party hereto. The headings of the several Sections hereof are for convenience only and do not define, limit, or construe the contents of such Sections. The term “attorneys’ fees” will include, without limitation, legal fees, whether incurred prior to, in preparation for, or in contemplation of, the filing of any written demand or claim, action, hearing or proceeding to enforce the obligations of this Agreement. References to a “controlling interest” in a business entity will mean fifty percent (50%) or more of the voting control of such entity if such entity is a corporation, and any equity interest if such entity is a partnership or limited liability company. The term “affiliate” means any past, present or future person, company or other entity which controls, is controlled by or is under common control with another person, company or other entity. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time FRANCHISEE hereunder, whether or not as partners or joint venturers, their obligations and liabilities to FRANCHISOR will be joint and several. This Agreement will be executed in multiple copies, each of which will be deemed an original. Each of the provisions of this Agreement (including Sections 16 and 23) apply to any claim brought (or which could be brought) by any owner and/or affiliate of FRANCHISEE’s or by or on FRANCHISEE’s behalf. If any limitation on FRANCHISEE’s rights (including, but not limited to, any limitation on damages, waiver of jury trial, shortened period in which to make any claim or otherwise) is held unenforceable with respect to FRANCHISEE, then such limitation will not apply to FRANCHISOR. Nothing contained herein shall be deemed a waiver of any rights FRANCHISOR may have to rely on information contained in the franchise disclosure document.

18. NON-RETENTION OF FUNDS

FRANCHISEE does not have the right to offset or withhold payments owed to FRANCHISOR (and/or any affiliate) for amounts purportedly due FRANCHISEE (or any affiliate of FRANCHISEE’s) from FRANCHISOR and/or any of its affiliates as a result of any dispute of any nature or otherwise, but will pay such amounts to FRANCHISOR (or FRANCHISOR’s affiliate) and only thereafter seek reimbursement in accordance with the provisions of Section 16. If FRANCHISEE believes that FRANCHISOR or any other person/entity has violated any legal duty to FRANCHISEE, FRANCHISEE will, notwithstanding such dispute, pay as designated all sums specified under this Agreement or any other agreement, whether to be paid to FRANCHISOR or any affiliate (including Royalty Fees, any unpaid portion of the Initial Franchise Fee and any Marketing Fund contributions and/or amounts payable to franchisee councils and/or cooperatives) and will not withhold any payments until and unless such dispute has been finally determined in FRANCHISEE’s favor.

19. SUBSTITUTION OF VALID PROVISIONS

To the extent that any provision restricting FRANCHISEE’s competitive activities is deemed unenforceable, FRANCHISEE and FRANCHISOR agree that such provisions will be enforced to the fullest extent permissible under governing law. FRANCHISOR may modify any invalid or unenforceable provision to the extent required to be valid and enforceable and FRANCHISEE will be bound by the modified provisions.

20. WAIVERS

FRANCHISOR's waiver of any breach(es) under this or any other agreement (whether by failure to exercise a power or right available to FRANCHISOR, failure to insist on strict compliance with the terms, obligations or conditions of any agreement, development of a custom or practice between FRANCHISEE and FRANCHISOR (or others) which is at variance with the terms of any agreement, acceptance of partial or other payments or otherwise), whether with respect to FRANCHISEE or others, will not affect FRANCHISOR's rights with regard to any breach by FRANCHISEE or anyone else or constitute a waiver of FRANCHISOR's right to demand exact compliance by FRANCHISEE with the terms of this Agreement or otherwise. Subsequent or other acceptance by FRANCHISOR of any payments or performance by FRANCHISEE will not be deemed a waiver of any preceding or other breach by FRANCHISEE of this Agreement or otherwise. The rights and remedies provided in this Agreement are cumulative and FRANCHISOR will not be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

21. ENTIRE AGREEMENT

This Agreement, including the introduction and exhibits to it, together with the OPERATING MANUAL, constitutes the entire agreement between FRANCHISOR and FRANCHISEE. There are no other oral or written understandings or agreements between FRANCHISOR and FRANCHISEE concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both FRANCHISOR and FRANCHISEE. Nothing contained herein shall be deemed a waiver of any rights FRANCHISEE may have to rely on information contained in the franchise disclosure document.

22. INDEPENDENT CONTRACTORS AND INDEMNIFICATION

FRANCHISOR and FRANCHISEE are independent contractors. FRANCHISOR and FRANCHISEE agree that there does not exist any fiduciary relationship between them. FRANCHISEE shall conspicuously identify FRANCHISEE at the premises of the STORE and in all dealings with suppliers, as the owner of the STORE. Neither FRANCHISOR nor FRANCHISEE shall make any agreements or representations in the name of or on behalf of the other or that their relationship is other than FRANCHISOR and FRANCHISEE and neither FRANCHISOR nor FRANCHISEE shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder, nor shall FRANCHISOR be obligated for any damages to any person or property directly or indirectly arising out of the operation of the STORE or FRANCHISEE's business conducted pursuant to the FRANCHISE, whether caused by FRANCHISEE's negligent or willful action or failure to act, FRANCHISOR shall have no liability for any sales, use, excise, income, property or other taxes levied upon the STORE or its assets or in connection with the sales made or business conducted by the STORE. FRANCHISEE agrees to indemnify FRANCHISOR, its affiliates, and their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any of the Indemnified Parties for, any and all claims, obligations, damages, costs and taxes arising directly or indirectly out of the STORE's operations, the business FRANCHISEE conducts under this Agreement, or FRANCHISEE's breach of this Agreement. This indemnification shall be fully applicable, and shall not be voided or otherwise affected by any allegation or claims that FRANCHISOR has been negligent in any degree. For the purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation,

arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced. FRANCHISOR shall have the right to defend any such claim against it. The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

23. NOTICES

All written notices permitted or required to be delivered by the provisions of this Agreement or of the OPERATING MANUAL, shall be deemed so delivered on the date when: (a) sent by e-mail to the e-mail address of the addressee (as notified by the addressee from time to time), a notice must be treated as given and received; (1) if sent or notified by e-mail before 5pm on a business day at the place of receipt, on the day it is sent or notified and otherwise on the next business day at the place of receipt; (2) despite Paragraph (a) above, an e-mail message is not treated as given or received if the sender's computer reports that the message has not been delivered; (b) hand delivered; one (1) day after sending by telegraph or after the date of deposit, if deposited with a commercial delivery service which guarantees next day delivery; or three (3) days after placed in the mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most-current principal business address of which the notifying party has been notified.

24. EFFECTIVE DATE OF AGREEMENT

The "Term" of this Agreement shall take effect upon the date of FRANCHISOR's execution of this Agreement.

25. LEGAL COMPLIANCE

A. COMPLIANCE WITH ANTI-TERRORISM LAWS

FRANCHISEE agrees to comply and assist FRANCHISOR in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, FRANCHISEE agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the STORE as may be required by FRANCHISOR or by law. FRANCHISEE confirms that it and its owners are not listed in the Annex to Executive Order 13224 and agrees 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>). FRANCHISEE is solely responsible for ascertaining what actions must be taken by FRANCHISEE to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that its indemnification responsibilities as provided in Section 22 pertain to its obligations hereunder.

B. MODERN SLAVERY POLICY

As used in this Section, the following terms apply:

"Modern Slavery" means various situations where coercion, threats or deception are used to exploit victims (including employees) and undermine or deprive them of their freedom. It constitutes serious exploitation and may take many forms, including slavery, servitude, human trafficking, forced labor, forced marriage, debt bondage and the worse forms of child labor;

“Modern Slavery Laws” means all legal requirements regulating Modern Slavery within the United States of America;

“Modern Slavery Policy” means, to the extent it is not inconsistent with any laws within the United States of America, any policy adopted by the Franchisor or its related bodies corporate in connection with Modern Slavery, and any amendment or replacement of it. As at the date of this Agreement, this means the Policy Regarding Modern Slavery Practices adopted by Retail Food Group Limited and posted on the extranet;

“Work Laws” means, for the purposes of this Agreement, the following:

- (a) Workplace Laws;
- (b) Modern Slavery Laws; and
- (c) the Modern Slavery Policy.

“Workplace Laws” means all legal requirements regulating the relationship between employers and employees within the United States of America.

Without limiting any of the Franchisee’s obligations under this Agreement, the Franchisee must take reasonable steps to ensure at all times that it:

- (1) Strictly comply with all Work Laws;
- (2) immediately rectify any identified non-compliance with Work Laws ;
- (3) promptly review and investigate any alleged breach of Work Laws raised by past or present employees;
- (4) implement appropriate systems and processes to ensure ongoing compliance with the obligations arising from any Work Laws;
- (5) keep a register of all complaints made by employees or personnel, including details of how such complaints are resolved;
- (6) immediately notify the Franchisor in writing if:
 - (a) the Franchisee becomes aware of any investigation or prosecution relating to an alleged breach of Work Laws by the Franchisee;
 - (b) the Franchisee or its personnel are contacted by any regulatory authority or the media about any matter relating to compliance with Work Laws;
- (7) actively and honestly comply in any compliance review initiated by the Franchisor or a regulatory authority;
- (8) promptly respond to any of the Franchisor’s queries in relation to compliance with Work Laws, including by providing evidence of compliance;
- (9) if the Franchisor requests, conduct an audit of the Franchisee’s compliance with Work Laws, and disclose the results of the audit to the Franchisor; and
- (10) comply with any audit of the Franchisee’s compliance with Work Laws that the Franchisor initiates, including by providing the Franchisor with access to the Franchisee’s business records and employees; and
- (11) If the audit discloses that the Franchisee has breached its obligations under this Agreement (including through non-compliance with any Work Laws):
 - (a) the Franchisee must pay to the Franchisor or any third parties any amounts that would have been payable if the Franchisee were not in breach of this Agreement or Work Laws; and

- (b) the Franchisee must pay the cost of the audit on demand including a reasonable charge for the Franchisor's overhead and administrative expenses.

26. ELECTRONIC MAIL

FRANCHISEE acknowledges and agrees that exchanging information with FRANCHISOR by e-mail is efficient and desirable for day-to-day communications as well as for notices as provided in Section 23 above and that FRANCHISOR and FRANCHISEE may utilize e-mail for such communications. FRANCHISEE authorizes the transmission of e-mail by FRANCHISOR and its employees, vendors, and affiliates ("Official Senders") to FRANCHISEE during the term of this Agreement.

FRANCHISEE further agrees that: (a) Official Senders are authorized to send e-mails to those of FRANCHISEE's employees as FRANCHISEE may occasionally authorize for the purpose of communicating with FRANCHISOR; (b) FRANCHISEE will cause FRANCHISEE's officers, directors and employees to give their consent to Official Senders' transmission of e-mails to them; (c) FRANCHISEE will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with FRANCHISEE; and (d) FRANCHISEE will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement.

27. ACKNOWLEDGMENTS

FRANCHISEE acknowledges that it has conducted an independent investigation of the business authorized hereunder and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of FRANCHISEE as an independent business-person. FRANCHISOR expressly disclaims the making of, and FRANCHISEE acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. FRANCHISEE acknowledges that it has read this Agreement and the FRANCHISOR's franchise disclosure document and that it has no knowledge of any representation by the FRANCHISOR, or its officers, directors, shareholders, employees or agents that are contrary to the statements made in the FRANCHISOR's franchise disclosure document or to the terms herein.

FRANCHISEE acknowledges that it has received, read, and understood this Agreement and FRANCHISOR's franchise disclosure document; that FRANCHISOR has fully and adequately explained the provisions of each to FRANCHISEE's satisfaction; and that FRANCHISOR has accorded FRANCHISEE ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

FRANCHISEE acknowledges that FRANCHISEE has received a franchise disclosure document at least fourteen (14) calendar days prior to the date on which this Agreement has been executed.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated below.

FRANCHISOR

DONUT KING SYSTEMS, LLC
a Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

EXHIBIT A

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement and any Addenda thereto (individually or collectively the "Agreement") by and between DONUT KING SYSTEMS, LLC ("FRANCHISOR"), and _____ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally (1) guarantees to FRANCHISOR and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) 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. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by FRANCHISOR of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
- (4) any right the GUARANTOR may have to require that an action be brought against FRANCHISEE or any other person as a condition of the GUARANTOR's liability.

Each of the undersigned consents and agrees that:

- (a) each GUARANTOR's direct and immediate liability under this guaranty shall be joint and several;
- (b) the undersigned will render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so;
- (c) the GUARANTOR's liability is not contingent upon or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person; and
- (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which FRANCHISOR may from time to time grant to FRANCHISEE 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 shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

If FRANCHISOR is required to enforce this Guaranty and Assumption of Obligations in any judicial or arbitration proceeding or appeal thereof, the GUARANTORS shall reimburse FRANCHISOR for its costs and expenses, including but not limited to, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation

of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty and Assumption of Obligations.

Each of the undersigned agrees to be personally bound by the arbitration obligations under Section 16.A of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 16.A of the Agreement in accordance with its terms.

Upon the death of a GUARANTOR, the GUARANTOR's estate will remain bound by this Guaranty and Assumption of Obligations, but only for obligations existing at the time of death. The obligations of the surviving GUARANTORS will continue in full force and effect.

The spouse of each GUARANTOR must sign the Spouse's Acknowledgment, by which the spouse acknowledges that FRANCHISOR is relying on all assets of the GUARANTOR, including jointly owned marital property, in accepting the GUARANTOR's obligations hereunder. The Spouse's Acknowledgment confirms that FRANCHISOR may pursue the GUARANTOR's interest in jointly owned marital property, but it does not make the spouse a guarantor or subject his or her separate property to this Guarantee. However, if the spouse is also an owner of FRANCHISEE, the spouse must also sign this Guaranty and Assumption of Obligations as a GUARANTOR.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

WITNESS

GUARANTORS

Witness Name

Guarantor Name

Witness Signature

Guarantor Signature

Witness Name

Guarantor Name

Witness Signature

Guarantor Signature

Witness Name

Guarantor Name

Witness Signature

Guarantor Signature

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guarantee given herein by his/her spouse.

Name of Guarantor

Name of Guarantor

Name of Guarantor's Spouse

Name of Guarantor's Spouse

Signature of Guarantor's Spouse

Signature of Guarantor's Spouse

Name of Guarantor

Name of Guarantor

Name of Guarantor's Spouse

Name of Guarantor's Spouse

Signature of Guarantor's Spouse

Signature of Guarantor's Spouse

EXHIBIT B

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "Agreement" is made and entered into as of this ___ day of _____, 20___, by and among Franchisee, Covenantor and DONUT KING SYSTEMS, LLC ("FRANCHISOR").

"Franchisee": _____

"Covenantor": _____, being [an owner], [an officer], [a director] [general partner], [managing member] or [manager] of Franchisee.

Address: _____

1. PREAMBLES

FRANCHISOR has executed or intends to execute a "Franchise Agreement" with Franchisee under which FRANCHISOR grants to Franchisee certain rights with regard to a "DONUT KING" ("Store"). Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect FRANCHISOR's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by FRANCHISOR from time to time for use in the operation of Franchisee's Store and FRANCHISOR's proprietary rights in and Franchisee's right to use the Confidential Information, FRANCHISOR and Franchisee require that Covenantor enter into this Agreement.

To induce FRANCHISOR to enter into the Franchise Agreement and/or to avoid a material breach thereof FRANCHISOR, Franchisee and Covenantor desire and consider it to be in Covenantor's best interests that Covenantor enter into this Agreement. Due to the nature of FRANCHISOR's and Franchisee's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause FRANCHISOR and Franchisee substantial harm.

2. PROTECTION OF CONFIDENTIAL INFORMATION

Covenantor acknowledges and agrees that FRANCHISOR possesses certain confidential and proprietary information in which FRANCHISOR possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of STORES (the "Confidential Information"). FRANCHISOR and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform its obligations to Franchisee in furnishing Covenantor the training program, the Operating Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the

Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to FRANCHISOR and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with FRANCHISOR and other Stores owned by FRANCHISOR, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of FRANCHISOR. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by FRANCHISOR and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified FRANCHISOR and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded FRANCHISOR and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to FRANCHISOR of confidential treatment for the information required to be so disclosed.

3. IN-TERM RESTRICTIVE COVENANT

Covenantor acknowledges and agrees that FRANCHISOR and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and FRANCHISOR would be unable to achieve a free exchange of ideas and information among Stores if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses (as defined below). Covenantor therefore agrees that for as long as Covenantor is an owner, director, officer, general partner, managing member or manager of Franchisee or is otherwise employed or engaged by Franchisee, Covenantor shall not, without FRANCHISOR's prior written consent, directly or indirectly (through a member of the immediate family or otherwise), have any interest as an owner of (except of publicly-traded securities or interests in other Stores pursuant to other franchise agreements with FRANCHISOR or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any other capacity, for, any business principally offering products substantially similar to the products then being offered by the majority of the Stores (a "Competitive Business"), nor will Covenantor, without the prior written consent of FRANCHISOR, have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to other the right to operate a Competitive Business.

4. **RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT OR COVENANTOR'S ASSOCIATION WITH FRANCHISEE**

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor ceases to be an owner, director, officer, general partner, managing member or manager of, or otherwise employed or engaged by, Franchisee (both referred to herein as a "Termination Event"), Covenantor agrees that, for a period of two (2) years commencing on the effective date of a Termination Event, Covenantor shall not (through a member of the immediate family or otherwise) have any interest as an owner of (except of publicly-traded securities or interests in other Stores pursuant to other franchise agreements with FRANCHISOR or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any other capacity for, any Competitive Business located within a ten (10) mile radius from any concept (including, but not limited to STORES) franchised or owned and operated by FRANCHISOR, its parent, or any of its affiliates; nor will Covenantor have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to others the right to operate a Competitive Business.

Covenantor recognizes the broad scope of the restrictive covenants set forth in Sections 3 and 6 of this Agreement, but agrees that they are reasonable. If any court or tribunal of competent jurisdiction shall refuse to enforce any such covenant because it is more extensive whether as to time limit, geographic area, scope of business or otherwise than is deemed reasonable, it is expressly understood and agreed that such covenants shall not be void, but that the restrictions contained therein shall be deemed reduced to the extent necessary to permit the enforcement of such covenants.

Covenantor expressly acknowledges and agrees that Covenantor possesses skills and abilities of a general nature and has opportunities for exploiting such skills. Consequently enforcement of the covenants made in Sections 3 and 6 of this Agreement will not deprive Covenantor of the ability to earn a living.

5. **SURRENDER OF DOCUMENTS**

Covenantor agrees that, as of the effective date of a Termination Event, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to FRANCHISOR if directed by FRANCHISOR all copies of the Confidential Information loaned or made available to Covenantor.

6. **COSTS AND ATTORNEYS' FEES**

In the event that FRANCHISOR or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse FRANCHISOR and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

7. **WAIVER**

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

8. SEVERABILITY

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which FRANCHISOR is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from FRANCHISOR that it will not enforce the section, paragraph, term or provision in question.

9. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

10. BENEFIT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event FRANCHISOR does not execute this Agreement (regardless of the reason) FRANCHISOR shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

11. EFFECTIVENESS

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when FRANCHISOR or Franchisee signs this Agreement.

12. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the state of Illinois, without regard to its conflict of laws principles, except that if a provision of this Agreement would not be enforceable under the laws of Illinois, and if the Store is located outside of Illinois and the provision would be enforceable under the laws of the state in which the Store is located, then that provision will be governed by the laws of the state in which the Store is located. Covenantor and Franchisee agree that they shall institute and that FRANCHISOR may institute any action against any of the parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to FRANCHISOR's principal place of business at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor:

Print name of Covenantor

Signature of Covenantor

Print name of Covenantor

Signature of Covenantor

Print name of Covenantor

Signature of Covenantor

Print name of Covenantor

Franchisee:

Print name of Franchisee

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Franchisor:

DONUT KING SYSTEMS, LLC
A Delaware limited liability company

By: _____
Print Name: _____
Title: _____

EXHIBIT C

CONFIDENTIALITY AGREEMENT

This "Agreement" is made and entered into as of this ___ day of _____, 20____, by and among Franchisee, Covenantor and DONUT KING SYSTEMS, LLC ("FRANCHISOR").

"Franchisee": _____

"Covenantor": _____, employed or engaged by Franchisee as _____.

Address: _____

1. PREAMBLES

FRANCHISOR has executed or intends to execute a "Franchise Agreement" with Franchisee under which FRANCHISOR grants to Franchisee certain rights with regard to "DONUT KING" ("Stores"). Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect FRANCHISOR's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by FRANCHISOR from time to time for use in the operation of Franchisee's Store and FRANCHISOR's proprietary rights in and Franchisee's right to use the Confidential Information, FRANCHISOR and Franchisee require that Covenantor enter into this Agreement.

To induce FRANCHISOR to enter into the Franchise Agreement and/or to avoid a material breach thereof FRANCHISOR, Franchisee and Covenantor desire and consider it to be in Covenantor's best interests that Covenantor enter into this Agreement. Due to the nature of FRANCHISOR's and Franchisee's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause FRANCHISOR and Franchisee substantial harm.

2. PROTECTION OF CONFIDENTIAL INFORMATION

Covenantor acknowledges and agrees that FRANCHISOR possesses certain confidential and proprietary information in which FRANCHISOR possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of STORES (the "Confidential Information"). FRANCHISOR and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform his/her obligations to Franchisee in furnishing Covenantor the training program, the Operating Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be

detrimental to FRANCHISOR and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with FRANCHISOR and other Stores owned by FRANCHISOR, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of FRANCHISOR. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by FRANCHISOR and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following:

(a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified FRANCHISOR and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded FRANCHISOR and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to FRANCHISOR of confidential treatment for the information required to be so disclosed.

3. SURRENDER OF DOCUMENTS

Covenantor agrees that as of the date on which Covenantor ceases to perform services for Franchisee in connection with the Store, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to FRANCHISOR if directed by FRANCHISOR all copies of the Confidential Information loaned or made available to Covenantor.

4. COSTS AND ATTORNEYS' FEES

In the event that FRANCHISOR or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse FRANCHISOR and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

5. WAIVER

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

6. SEVERABILITY

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which FRANCHISOR is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from FRANCHISOR that it will not enforce the section, paragraph, term or provision in question.

7. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

8. BENEFIT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event FRANCHISOR does not execute this Agreement (regardless of the reason) FRANCHISOR shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

9. EFFECTIVENESS

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when FRANCHISOR or Franchisee signs this Agreement.

10. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the state of Illinois, without regard to its conflicts of laws principles. Covenantor and Franchisee agree that they shall institute and that FRANCHISOR may institute any action against any of the parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to FRANCHISOR's principal place of business at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor:

Franchisee:

Print name of Covenantor

Print name of Franchisee

Signature of Covenantor

By: _____

Print Name: _____

Title: _____

Print name of Covenantor

Signature of Covenantor

By: _____

Print Name: _____

Title: _____

Print name of Covenantor

Signature of Covenantor

By: _____

Print Name: _____

Title: _____

Print name of Covenantor

Franchisor:

DONUT KING SYSTEMS, LLC

A Delaware limited liability company

By: _____

Print Name: _____

Title: _____

EXHIBIT D

ADA CERTIFICATION FORM

Donut King Systems, LLC, a Delaware limited liability company (the "FRANCHISOR"), and _____ (the "Franchisee") are parties to a franchise agreement dated _____, 20____ (the "Franchise Agreement") for the operation of a Store at the location identified below (the "Store").

(STORE ADDRESS)

ADA Certification:

In accordance with Section 3.B of the Franchise Agreement, Franchisee certifies to FRANCHISOR that to the best of Franchisee's knowledge, the Store and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by FRANCHISOR does not constitute ownership, control, leasing or operation of the Store by FRANCHISOR. Franchisee acknowledges that FRANCHISOR has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify FRANCHISOR and each of FRANCHISOR's affiliates, and each of their respective officers, directors, members, shareholders, representatives, employees and agents, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by such indemnified party(ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

In the event of any dispute concerning or relating to this document and/or any of the transactions and/or matters to which it may apply, such dispute will be resolved in accordance with the dispute resolution provisions of the Franchise Agreement, including Section 16 of the Franchise Agreement. Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

[Signature Page Follows]

All signers are jointly and severally responsible for the representations and promises described in this Acknowledgment and Certification Form.

“FRANCHISEE”

If Franchisee is an individual

If Franchisee is a corporation or other entity

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

Name of Franchisee

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

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

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

All Owners of Business Entity Franchisee must sign this Agreement.

“Owner”

Individually: _____
Print Name: _____
Date: _____

“Owner”

Individually: _____
Print Name: _____
Date: _____

“Owner”

Individually: _____
Print Name: _____
Date: _____

EXHIBIT E

ELECTRONIC FUNDS TRANSFER AGREEMENT

This Electronic Funds Transfer Agreement (this "Agreement") is made on this ___ day of _____, 20__ by and between DONUT KING SYSTEMS, LLC, a Delaware limited liability company (the "FRANCHISOR"), and _____ (the "Franchisee").

Whereas, FRANCHISOR and Franchisee are parties to a Franchise Agreement executed on even date herewith (the "Franchise Agreement") and desire to enter into this addendum to the Franchise Agreement;

Now, therefore in consideration of the mutual promises contained herein and as an inducement to FRANCHISOR to execute the Franchise Agreement, the parties agree as follows:

A. Franchisee shall pay any and all fees and other charges in connection with this Agreement and the Franchise Agreement (including, without limitation, the Royalty Fees, the Marketing Fund contributions, and all other amounts due, including, by not limited to, POS System Fees, and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively "electronic funds transfers" or "EFT"), and Franchisee shall undertake all action necessary to accomplish such transfers.

B. Upon execution and delivery of this Agreement, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached as Exhibit F to the Franchise Agreement, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing FRANCHISOR directly to FRANCHISOR's bank account(s). Upon FRANCHISOR's request, Franchisee shall deliver to FRANCHISOR all additional information that FRANCHISOR deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Agreement) in connection with such EFT.

C. By executing this Agreement, Franchisee authorizes FRANCHISOR to withdraw funds at such days and times as FRANCHISOR shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Agreement, as described in the first sentence of this Section. Franchisee authorizes weekly ACH debits via EFT based on an amount equal to: (1) 6% of Franchisee's Gross Sales for the preceding week ending Sunday (the "Accounting Period") for Royalty Fees; (2) 2% of Franchisee's Gross Sales for the Accounting Period for Marketing Fund contributions; and (3) all other amounts due to FRANCHISOR, including, but not limited to, the monthly POS Cloud Fee and PCI Compliance Fee.

D. If FRANCHISOR does not receive by 5:00 PM (Central Standard Time) on Thursday of each week a report that includes Gross Sales figures for the prior Accounting Period, then FRANCHISOR is authorized to have withdrawn by electronic transfer an amount from Franchisee's bank account for the Royalty Fee and the Marketing Fund contribution with respect to the prior Accounting Period equal to the amount withdrawn the previous week (or the most recent withdrawal week) plus ten percent (10%) as an estimate of the Accounting Period's Royalty Fees and the Marketing Fund contribution.

E. If a Gross Sales report in the form required by FRANCHISOR is subsequently received and reflects (1) that the actual amount of the Royalty Fee and/or the Marketing Fund contribution paid to FRANCHISOR was more than the amount of the EFT due to FRANCHISOR, then FRANCHISOR shall credit the excess amount to the payment of Franchisee's future Royalty Fees or other amounts owing to FRANCHISOR or (2) that the actual amount of the Royalty Fee and/or the Marketing Fund contribution paid to FRANCHISOR was less than the amount of the EFT due to FRANCHISOR, then FRANCHISOR shall be entitled to immediately receive additional funds via EFT from Franchisee's bank account for the difference.

F. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by FRANCHISOR, including, without limitation, any and all service charges and other fees arising in connection with any EFT by FRANCHISOR not being honored or processed by Franchisee's bank for any reason and a Fifty Dollar (\$50) charge by FRANCHISOR for processing the EFT. Upon written notice by FRANCHISOR to Franchisee, Franchisee may be required to pay any amount(s) due under the Franchise Agreement and/or this Agreement directly to FRANCHISOR by check or other non-electronic means in lieu of EFT at FRANCHISOR's discretion. It shall be a non-curable event of default under Section 13.B of the Franchise Agreement if Franchisee closes any bank account without completing all of the following forthwith after such closing: (1) immediately notifying FRANCHISOR thereof in writing, (2) immediately establishing another bank account, and (3) executing and delivering to FRANCHISOR all documents necessary for FRANCHISOR to begin and continue making withdrawals from such bank account by EFT as this Agreement permits.

G. Except as specifically set forth in this Agreement, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Agreement is attached to and upon execution becomes an integral part of the Franchise Agreement.

[Signature Page Follows]

Wherefore, the parties have set forth their hand and seal on the day and date first above written.

“FRANCHISOR”

DONUT KING SYSTEMS, LLC
a limited liability company

By: _____
Title: _____
Date: _____

“FRANCHISEE”

If Franchisee is an individual

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity

Name of Franchisee

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

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

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

EXHIBIT F

ELECTRONIC DEBIT AUTHORIZATION

AUTHORIZATION AGREEMENT FOR PRE-AUTHORIZED PAYMENTS
VIA ACH DEBIT ORGANIZATIONS

The undersigned hereby authorizes DONUT KING SYSTEMS, LLC, a Delaware limited liability company (the "FRANCHISOR"), to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "Depository"), to debit the same to such account.

Depository Name: _____
Branch: _____
City State and Zip Code: _____
Transit/ABA #: _____
Bank Account Name: _____
Bank Account #: _____
Tax ID # Used For Bank _____
Account: _____

This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by FRANCHISOR. This authorization further confirms my understanding of Exhibit E to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the term of the Franchisee Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify FRANCHISOR thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to FRANCHISOR all documents necessary for FRANCHISOR to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us in order to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.

Name of Franchisee: _____ Store #: _____

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

NOTICE TO FRANCHISEE

1. ATTACH ONE VOIDED CHECK HERE.
2. BE SURE ALL BLANK SPACES ABOVE ARE COMPLETED.
3. RETURN 2 ORIGINAL COPIES OF BOTH AGREEMENTS IMMEDIATELY.

Please Note: There is an Indemnification Agreement to follow.

INDEMNIFICATION AGREEMENT

To The Depository Designated:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payee/Franchisee agrees with respect to any such action:

(1) To indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of any check, draft or order, whether or not genuine, purporting to be executed by the Payee/Franchisee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify you for any loss arising in the event that any such check, draft or order shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

To defend at our own cost and expense any action which might be brought by any depositor or any other person because of your action taken to the foregoing request, or in any manner arising by reason of your participation.

Name of Payee/Franchisee: _____

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

EXHIBIT G

TELEPHONE LISTING AGREEMENT

This Telephone Listing Agreement (the "Agreement") is made on this ___ day of _____, 20__, by and between DONUT KING SYSTEMS, LLC, a Delaware limited liability company (the "FRANCHISOR"), and _____ (the "Franchisee").

Recitals

WHEREAS, FRANCHISOR is the sub-licensee of the service marks, trademarks, and trade names related to the operation of the franchised business (collectively the "Marks"); and

WHEREAS, FRANCHISOR and Franchisee are parties to a Franchise Agreement executed on even date herewith (the "Franchise Agreement") under which Franchisee is granted a franchise (the "Franchise") involving certain rights to use the Marks in Franchisee's business telephone listings to promote its Store.

NOW, THEREFORE, in consideration of the Recitals above and the terms below, FRANCHISOR and Franchisee agree:

1. Franchisee is authorized to continue using the Marks until the Franchise Agreement is terminated or expires.
2. Franchisee is authorized to obtain telephone service for the Store. That service is not to be used in conjunction with any other business.
3. Franchisee is authorized to obtain various yellow page, white page, information listings and yellow page advertising under the trade name "Donut King" or any other Marks that FRANCHISOR may authorize Franchisee to use in conjunction with Franchisee's Store. No additional listings may be used with any telephone number(s) assigned to the Store, without FRANCHISOR's prior written consent.
4. Franchisee must pay all charges for telephone service, white page, yellow page, information listings and yellow page advertisements.
5. On termination or expiration of the Franchise Agreement, Franchisee acknowledges that its right to the use any of the Marks made available by FRANCHISOR to Franchisee for use under the Franchise Agreement will immediately end, and that all telephone numbers appearing under the Marks will immediately become the property of FRANCHISOR, and Franchisee irrevocably releases to FRANCHISOR all rights to and use of all telephone numbers associated with the Marks then listed. Franchisee irrevocably authorizes the telephone company, on notification by FRANCHISOR of termination or expiration of the Franchise, to transfer or assign all of those telephone numbers to FRANCHISOR or to disconnect those telephone numbers and assign them to FRANCHISOR or to transfer calls coming to those disconnected numbers to any telephone numbers issued by the telephone company to FRANCHISOR, without need for any further document(s) from Franchisee.
6. Franchisee irrevocably releases the telephone company, FRANCHISOR and their respective successors, assigns, directors, officers, employees and agents, from liability of any kind that may result

directly from FRANCHISOR's exercise of its rights under this Agreement or from the telephone company's cooperation with FRANCHISOR in effecting the terms of this Agreement.

7. The undersigned agree to the terms of this Agreement.

"FRANCHISOR"

DONUT KING SYSTEMS, LLC
a limited liability company

By: _____
Title: _____
Date: _____

"FRANCHISEE"

If Franchisee is an individual

Individually: _____
Print Name: _____
Date: _____

Individually: _____
Print Name: _____
Date: _____

If Franchisee is a corporation or other entity

Name of Franchisee

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

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

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

EXHIBIT H

FORM OF LEASE RIDER

THIS ADDENDUM is dated _____ and amends and supplements the Lease Agreement dated _____ (the "**Lease**") between _____ ("Lessor") and _____ ("**Lessee**"), a franchisee of DONUT KING SYSTEMS, LLC ("**DK**").

1. Lessor acknowledges that Lessee intends to operate a DONUT KING® store at the premises specified in the Lease (the "**Premises**") under the terms of a Franchise Agreement between Lessee and DK (the "**Franchise Agreement**").
2. Lessor and Lessee agree as follows:
 - a. Lessor consents to Lessee's use of the Marks, signage, décor items and color scheme prescribed by DK for a DONUT KING® store.
 - b. The use of the Premises is restricted solely to the operation of a DONUT KING® store during the term of the Franchise Agreement.
 - c. Lessee is prohibited from subleasing or assigning all or any part of its occupancy rights or from extending the term of or renewing the lease without DK's prior written consent.
 - d. Lessor will provide DK with copies of all notices of default given to Lessee under the Lease and a reasonable opportunity to cure the default on Lessee's behalf.
 - e. DK has the right to enter the Premises to make modifications necessary to protect its Marks and System (as defined in the Franchise Agreement) or to cure any default under the Franchise Agreement or under the Lease.
 - f. DK has the option, within thirty (30) days after expiration or termination of the Franchise Agreement, and upon notice to Lessor, to assume (or to have DK's designee assume) all of Lessee's rights and obligations under the Lease, including any right to assign or sublease.
 - g. Lessee has the right, without the prior approval of Lessor, to remodel the Premises as and when required by the Franchise Agreement.
 - h. Lessee has the right, without Lessor's prior approval, to assign the Lease or sublet the leased Premises to DK or any of its affiliates, or to any other franchisee of DK.
 - i. Lessor and its affiliates will not lease space in property owned, managed or controlled by them within one-half mile of the Premises to any foodservice brand or outlet (not including other DONUT KING Stores) featuring products substantially similar to the products then being offered by the majority of DONUT KING Stores (a "**Competing Business**"); and
 - j. Lessor and Lessee will not amend the lease in any manner that could materially affect the foregoing requirements without GJF's prior written consent.

4. DK is a third party beneficiary with the independent right to enforce the provisions of this Addendum.

LESSOR

By: _____

Name: _____

LESSEE

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT 3

KIOSK ADDENDUM

DONUT KING SYSTEMS, LLC

KIOSK ADDENDUM

1. **Background.** This Kiosk Addendum (“Addendum”) is made by and between DONUT KING SYSTEMS, LLC, a Delaware limited liability company (“FRANCHISOR”) and _____ (“FRANCHISEE”). Contemporaneously herewith, FRANCHISOR and FRANCHISEE have entered into a franchise agreement (the “Agreement”) and this Addendum which is intended to be part of the Agreement, both dated_____. This Addendum modifies the Agreement to the extent necessary to reflect the operation of a Donut King Kiosk. All capitalized terms used but not defined in this Addendum have the meanings set forth in the Agreement. Except as provided in this Addendum, the Agreement remains in full force and effect as originally written. If there is any inconsistency between the Agreement and this Addendum, the terms of this Addendum will control.

2. **The Kiosk.** All references in the Agreement to the “Store” shall be deleted and the term “Kiosk” shall be inserted in place thereof. Unless otherwise noted herein, all applicable terms, conditions and requirements set forth in the Agreement applicable to the Store shall apply to the Kiosk.

3. **Products.** FRANCHISEE acknowledges and agrees that the number of the Products offered for sale from a Donut King Kiosk will differ from that of a Donut King Store. The inventory requirements for a Donut King Kiosk will also differ from those of a Donut King Store. Further, the number of Products offered for sale and the inventory requirements may differ among Donut King Kiosks.

4. **Insurance.** The minimum insurance amounts required under Section 6.M of the Agreement may be lowered if approved by FRANCHISOR in its sole discretion and the lease or sublease for the premises permits lower minimums.

5. **Initial Franchise Fee.** Section 11 of the Agreement shall be deleted and replaced with the following:

FRANCHISEE shall pay to FRANCHISOR an initial franchise fee for the Franchise in the amount of _____ Dollars (\$_____). The initial franchise fee is payable in immediately available funds upon execution of this Agreement and is deemed fully earned by FRANCHISOR upon execution of this Agreement and shall be non-refundable, in whole or in part, under any circumstances.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the FRANCHISOR and the FRANCHISEE have duly executed and delivered this Addendum on this _____ day of _____ 20____.

FRANCHISOR

DONUT KING SYSTEMS, LLC
an Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

EXHIBIT 4

TERRITORY ADDENDUM FOR STREET LOCATION

DONUT KING SYSTEMS, LLC

TERRITORY ADDENDUM
FOR
STREET LOCATION

1. **Background.** This Territory Addendum (“Addendum”) is made on _____, 20____ by and between DONUT KING SYSTEMS, LLC, a Delaware limited liability company (“FRANCHISOR”) and _____ (“FRANCHISEE”). Contemporaneously herewith, FRANCHISOR and FRANCHISEE have entered into a franchise agreement (the “Agreement”) and this Addendum is intended to be part of the Agreement. This Addendum modifies the Agreement to the extent necessary to reflect certain rights which are applicable only if FRANCHISEE will operate a STORE to be located in a street, non-mall, location. All capitalized terms used but not defined in this Addendum have the meanings set forth in the Agreement. Except as provided in this Addendum, the Agreement remains in full force and effect as originally written. If there is any inconsistency between the Agreement and this Addendum, the terms of this Addendum will control.

2. **Territory.** Section 2.B of the Agreement is hereby deleted and replaced with the following:

B. Protected Territory.

Provided that FRANCHISEE is in full compliance with this Agreement, FRANCHISOR will not operate or grant a franchise for the operation of another STORE, the physical premises of which is located within a one-half (1/2) mile radius of the Location (the “Protected Territory”); provided, however, nothing contained herein shall prohibit FRANCHISOR from operating or granting a franchise for the operation of a STORE located within a shopping mall, even if such shopping mall is located within the Protected Territory. Except as expressly limited above, FRANCHISEE acknowledges that FRANCHISOR (and its affiliates) retain the right at all times during this Agreement's term to engage in any and all activities that FRANCHISOR (and its affiliates) deem appropriate, wherever and whenever FRANCHISOR (and its affiliates) desire, and whether or not such activities compete with the STORE, including, without limitation, the right to:

(1) establish and operate, and allow others to establish and operate, other STORES and other gourmet coffee stores and/or other coffee beverage businesses using the Marks and Marks, at any location outside the Protected Territory and on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, gourmet coffee stores and/or other coffee beverage businesses, located anywhere (including in the Protected Territory), that may offer products and services which are identical or similar to products and services offered by STORES, under other trade names, trade-marks, service marks and commercial symbols different from the Names and Marks, and on any terms and conditions FRANCHISOR deems appropriate;

(3) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Names and Marks or any other trade

names, trade-marks, service marks or commercial symbols that are the same as or different from STORES, and that sell products and/or services that are identical or similar to, and/or competitive with, those that STORES customarily sell under any terms and conditions we deem appropriate;

(4) roast, develop, wholesale, market, distribute and sell PRODUCTS through any channel of distribution, including, without limitation, mail order, the Internet, and wholesale, under or in association with the Names and marks or any other trade names, trade-marks, service marks or commercial symbols;

(5) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at STORES, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory);

(6) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at STORES, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory; and

(7) engage in all other activities not expressly prohibited by this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the FRANCHISOR and the FRANCHISEE have duly executed and delivered this Addendum on this _____ day of _____, 20__.

FRANCHISOR

DONUT KING SYSTEMS, LLC

a Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

EXHIBIT 5

AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

Agreement Date: _____

Developer Name: _____

Business Address: _____

Type of Business Entity: _____

State in which organized: _____

Owner Name(s):	Ownership Percentage:
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

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DEVELOPMENT AGREEMENT

This Agreement is entered into as of the Agreement Date shown on the cover page between DONUT KING SYSTEMS, LLC (“we”, “us” or “DKS”) and the individual or business entity identified on the cover page (“you” or “Developer”).

As used in this Agreement, “Owners” means the person(s) identified on the cover page as the owners of Developer and all other persons whom we may subsequently approve to acquire an interest in Developer.

BACKGROUND

- A. We and our affiliates are engaged in the business of developing, operating and franchising DONUT KING® stores (“Donut King Stores”).
- B. Donut King Stores operate under a distinctive format and set of specifications and procedures developed by us and our affiliates (the “System”).
- C. Developer wishes to obtain the right to develop Donut King Stores within the territory defined in this Agreement.

AGREEMENT

1. DEVELOPMENT RIGHTS AND OBLIGATIONS

1.1. Rights Granted. We grant you the right, and you undertake the obligation, to develop the number of Donut King Stores shown in Appendix A to this Agreement, solely within the territory defined in Appendix A (the “Development Area”). Your right to develop Donut King Stores is contingent on satisfaction of the requirements in Section 1.2 below.

1.2. Development Obligations. You must develop and open Donut King Stores in accordance with the deadlines set forth in Appendix A to this Agreement (the “Development Schedule”). For each Donut King Store, you must:

1.2.1 Submit for our approval a proposed location for the Donut King Store pursuant to Section 3.1 below;

1.2.2 At the time you propose a specific location, demonstrate satisfaction of our then-current financial and operational criteria for development of a new Donut King Store; and

1.2.3 If we approve the location and you obtain control of it by lease or purchase, sign a separate Franchise Agreement (“Franchise Agreement”) in the form that we are then offering for new franchises in the USA, along with a release of claims, as provided in Section 3.3 below.

1.3. Failure to Satisfy Development Schedule. If you do not have in operation the minimum number of Donut King Stores required at each deadline specified in the Development Schedule, we will have the right to terminate this Agreement by written notice to you. Termination of this Agreement pursuant to this Section 1.3 will not affect your right or your obligation to operate each Donut King Store for which we have signed a Franchise Agreement before termination of this Agreement.

1.4. Disclaimer of Other Rights. This Agreement is not a franchise and does not grant you any right to use the System or the DONUT KING name or any of our other names or marks (collectively, the “Marks”). The rights to use the System and Marks are granted only under the Franchise Agreement. You have no right or power under this Agreement or under any Franchise Agreement: (i) to sublicense or subfranchise any other person or legal entity to use the Marks or the System; or (ii) to subdivide or partition the Development Area or any development rights granted in Section 1.1.

1.5. Territorial Protection. While this Agreement is in effect, we will not establish Donut King Stores or franchise or license others to establish Donut King Stores within the Development Area, except for Non-Traditional Outlets as permitted by Section 1.6.2 below and Conversion Stores to the extent permitted by Section 1.6.5 below.

1.6. Rights Reserved. We and our affiliates retain the rights, despite anything to the contrary in Section 1.5 and regardless of the proximity to or effect on any Donut King Store that you operate:

1.6.1 To own, acquire, establish, operate, and franchise or license others to operate Donut King Stores located outside of the Development Area;

1.6.2 To own, acquire, establish, operate, and franchise or license others to operate Non-Traditional Outlets under the DONUT KING name or any other name, both inside and outside of the Development Area. “**Non-Traditional Outlet**” means a mobile or temporary outlet (such as a food truck, cart, kiosk, or so-called “pop-up” restaurant) or an outlet at a facility where the primary function is not foodservice, such as (but not limited to) a performing arts arena, sports stadium, department store, retail store, wholesale club, grocery store, supermarket, casino, amusement park, fairground, college or university, factory, hospital, penal institution, military base, airport, turnpike, limited access highway rest stop, or other transportation facility;

1.6.3 To develop, manufacture, have manufactured, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, packaged food products or any other goods or services under the DONUT KING mark or any other name or mark, through any channel of distribution, including but not limited to the Internet, mobile applications, supermarkets, specialty food stores, convenience stores, wholesale clubs, and retail food stores, anywhere in the world;

1.6.4 To use the DONUT KING brand in other lines of business besides the operation of Donut King Store, anywhere in the world; and

1.6.5 To own, acquire, establish, operate, and franchise or license others to establish and operate outlets under names and marks other than DONUT KING, at any location within or outside of the Development Area, even if the concepts or businesses are similar to Donut King Stores. However, while this Agreement is in effect, if we acquire the assets of any outlets located within the Development Area that we determine in our sole discretion to convert to a Donut King Store (a “**Conversion Store**”), we will offer to sell the Conversion Store to you for the price we paid for its assets, provided that, in our judgment: (1) the sale to you will not conflict with any existing legal obligation we have; (2) the sale to you will not interfere with the completion of our acquisition on the terms agreed to by us; (3) the sale to you will not adversely affect any financing or federal or state income tax consequences arising from the acquisition; and (4) you agree: (a) to sign, concurrently with your purchase of the assets, a Franchise Agreement as modified for use in connection with each Conversion Store; and (b) to convert each Conversion Store to a Donut King Store in accordance with our standards and specifications. Any Conversion Store that you purchase and convert under this Section will be counted toward the minimum cumulative number of Donut King Stores required by the Development Schedule. Your purchase price for the Conversion Store will include the direct and indirect costs and liabilities we have

incurred or assumed in acquiring the Conversion Store, and other expenses allocated or otherwise related to the Conversion Store (including any losses from continuing operations and renovation costs). You will have thirty (30) days after receipt of our offer in which to accept or reject the offer. Acceptance must be communicated in writing. If accepted, you will have thirty (30) days from the date of acceptance to complete the purchase of the Conversion Store. If you reject or do not timely accept our offer to sell you the Conversion Store, or if you do not timely complete the purchase after accepting, or if we are not obligated to extend an offer to you for any of the reasons stated in this Section, we will have the right to alter, modify, refurbish, remodel, promote and market, operate, or franchise others to operate the Conversion Store as a Donut King Store or any other business. For purposes of this Section, all references to us are deemed to include our affiliates.

2. FEES

2.1. Development Fee. The initial franchise fee payable for each Donut King Store required by the Development Schedule is shown in Appendix A. In consideration for granting you the development rights and reserving the Development Area as provided in Section 1.1, you must pay us 50% of each initial franchise fee (collectively, the “**Development Fee**”) when you sign this Agreement. The Development Fee is fully earned when paid and is non-refundable, even if you do not sign any Franchise Agreements or open any Donut King Stores.

2.2. Franchise Fees. When you sign the Franchise Agreement for each Donut King Store required by the Development Schedule, you must pay us the balance of the initial franchise fee for that store.

3. DEVELOPMENT PROCESS

3.1. Site Selection. You must identify and obtain a site for each Donut King Store at your own expense. We will furnish you with our general criteria for site selection and with site selection counseling and assistance as we deem appropriate. Before acquiring a site by lease or purchase, you must submit any information and materials we request to evaluate the site and to assess your financial capability to develop the site, along with a letter of intent or other evidence of your ability to obtain the site. We will conduct an on-site evaluation of each proposed site, unless we waive this requirement in our sole discretion. We will either approve or reject a proposed site within thirty (30) days after conducting our on-site evaluation or receiving all information and materials we have requested for the site, whichever is later. Approval or rejection is at our sole discretion. No site will be deemed to have received our approval unless it has been approved in writing by an officer of DKS with authority to give approval. You acknowledge that our review is solely for the purpose of determining whether the site is within our acceptable criteria and that our approval is not a representation or guarantee that a Donut King Store will be successful at the site.

3.2. Lease Terms. If you will occupy the approved site under a lease, you must submit the proposed lease to us for approval before signing it. As a condition of our approval, we may require that the lessor sign a lease rider containing some or all of the provisions set out in Exhibit B to this Agreement. You must furnish us with a copy of the signed lease and lease rider within ten (10) days after you sign them.

3.3. Execution of Franchise Agreement. When we receive a signed copy of the lease and lease rider for the approved site, we will issue a Franchise Agreement and the site will be the “Approved Location” referred to in the Franchise Agreement. You must return the signed Franchise Agreement and pay the balance of the initial franchise fee within twenty (20) days of your receipt of the Franchise Agreement, or we can withdraw our approval of the site. Concurrently with signing each Franchise Agreement, you and the Owners must sign a general release of any and all claims against us and our affiliates, officers, directors, employees, agents, successors and assigns, subject to any limits or exceptions imposed by applicable law.

4. TERM

This Agreement will expire on the last deadline date specified in the Development Schedule, unless terminated sooner under Section 1.3 or Section 8.

5. CONFIDENTIAL INFORMATION

5.1. Nondisclosure. You are prohibited, both during and after the term of this Agreement, from communicating or divulging Confidential Information to any unauthorized person and from using Confidential Information for your benefit or the benefit of any other person, other than for the development of Donut King Stores. “**Confidential Information**” means all knowledge and data not generally known to the public, whether or not constituting trade secrets, that we disclose to you or that you obtain by virtue of this Agreement or any activities hereunder, including but not limited to: (i) business procedures and communications concerning the development of Donut King Stores; (ii) our site selection guidelines and criteria; (iii) specific sites that have been identified as candidates for Donut King Stores; (iv) plans and specifications for construction of a Donut King Store, including exterior and interior design and layout plans, and including samples, prototypes, and site-specific drafts; (v) supplier lists, mailing lists, prospect lists, marketing studies, cost studies, marketing plans and techniques, and promotion and marketing aids; (vi) actual or proposed lease terms, specific negotiating strategies and the status of negotiations; and (vii) business forms, accounting procedures, business plans, feasibility studies, and non-public financial information of or about us and our affiliates. You may divulge Confidential Information only: (i) to your employees who must have access to it in order to carry out their duties relating to the Donut King Stores; and (ii) to your contractors and prospective landlords with our prior written approval. All information, knowledge, trade secrets, know-how, techniques, and other data which we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement, except information which you can demonstrate came to your attention by lawful means before we disclosed it to you, or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by others.

5.2. Owners, Officers and Others. At our request, you must require your Owners, Key Person (as defined in Section 9.3), officers, and any other person to whom you wish to disclose any of our Confidential Information to sign a separate Confidentiality and Non-Competition Agreement in the form of Appendix D to this Agreement.

6. RESTRICTIONS ON COMPETITION

6.1. During Term. You acknowledge that this Agreement will give you access to valuable Confidential Information and business opportunities that you and the Owners did not have before entering into this Agreement. Accordingly, while this Agreement is in effect, except as we otherwise approve in writing, you may not, either directly or indirectly:

6.1.1 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in any Competing Business, as defined in Section 6.3 below; or

6.1.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business, or do anything else harmful to the goodwill associated with the Marks and the System.

6.2. After Expiration, Termination or Transfer. You further agree that, except as we otherwise approve in writing, you will not, for two (2) years after the expiration or termination of this Agreement or the approved transfer of this Agreement to a new developer, either directly or indirectly:

6.2.1 Own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any Competing Business operating (i) within the Development Area; or (ii) within 10 miles of any Donut King Store; or

6.2.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business operating within the Development Area, or do anything else harmful to the goodwill associated with the Proprietary Marks and the System.

6.3. Definition of Competing Business. In this Agreement, “**Competing Business**” means a foodservice brand or outlet featuring products substantially similar to the products then being offered by the majority of Donut King Stores (not including any Donut King Stores that you or the Owners operate under other agreements with us or our affiliates).

6.4. Exception for Publicly-Held Shares. Sections 6.1.1 and 6.2.1 do not apply to ownership of less than five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

6.5. Enforcement.

6.5.1 Neither Developer nor any person bound by the restrictions of this Section 6 may circumvent the restrictions by engaging in prohibited activity indirectly through any other person or entity.

6.5.2 For the individuals who are bound personally by the restrictions in this Section 6 or by a separate Confidentiality and Non-Competition Agreement, the time periods in Section 6.2 will run from the expiration, termination, or transfer of this Agreement or from the end of the individual’s relationship with Developer, whichever occurs first.

6.5.3 We have the right to reduce the scope of any restriction in this Section 6, effective immediately upon written notice to Developer.

6.5.4 The existence of any claim that Developer or the Owners may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 6 or any Confidentiality and Non-Competition Agreement.

6.5.5 You acknowledge that a violation of this Section 6 would result in irreparable injury for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction, without the need for us to post bond, prohibiting any violation of this Section 6. Injunctive relief is in addition to any other remedies we may have. If we obtain enforcement in a judicial proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date of the order enforcing the restriction.

6.5.6 The restrictions in this section are in addition to any restrictions on competition under any other agreements you have with us.

7. SALE OR ASSIGNMENT

7.1. No Assignment or Ownership Change without Consent. We have entered into this Agreement in reliance on your and the Owners’ business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners may sell, assign, transfer, convey, or give away, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) (collectively, “**Transfer**”) any direct or indirect interest in this Agreement, in Developer, or in the development rights granted by this Agreement without our prior

written consent. You must notify us in writing of any proposed Transfer at least sixty (60) days before the Transfer is to take place, and provide information and documentation relating to the proposed Transfer as we request. You agree that the conditions of Transfer in Sections 7.3 through 7.9 below are reasonable and that they do not preclude other reasonable conditions that we may impose. We have the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed Transfer. If we have not responded within 60 days after we receive your written notice of the proposed Transfer, our consent will be deemed to have been given. Unless otherwise agreed, we do not waive any claims against the transferring party if we approve the Transfer. If we do not approve the Transfer, you must continue to develop Donut King Stores in accordance with this Agreement.

7.2. Right of First Refusal. We have the right, exercisable within 45 days after receipt of the notice required by Section 7.1, to send written notice to you that we intend to purchase the interest proposed to be transferred. The request for approval of Transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, description of financing or other contingencies, and any other documents reasonably necessary to support a prudent business decision on whether to exercise the right of first refusal. We can assign our right of first refusal to someone else either before or after we exercise it. However, our right of first refusal will not apply to a Transfer under Section 7.5 or to a Transfer to a spouse or adult son or daughter (including Transfers to a spouse, son, or daughter as a result of death or incapacity as described in Section 7.6).

7.2.1 If the proposed Transfer is a sale, we or our designee may purchase on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within sixty (60) days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same type of consideration as the third party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, you and we will jointly designate and pay the cost of an independent appraiser, and the appraiser's determination will be final. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to proceed with the purchase. Any material change in the third party's offer after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as for the third party's initial offer.

7.2.2 If a Transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to purchase the interest at the fair market value determined by the appraiser. If we decide to purchase, closing on the purchase will occur within 45 days after our notice to the transferor of our decision.

7.2.3 If we elect not to exercise our rights under this Section, the transferor may complete the proposed Transfer after complying with Sections 7.3 through 7.9, provided that the final sale price is not less than the price at which we were entitled to purchase. If we determine that the final sale price is less than the price at which we were entitled to purchase, we may refuse to give our consent to the Transfer. Closing of the Transfer must occur within 60 calendar days of our election not to exercise our rights. If closing does not occur within the 60-day period, the third party's offer will be treated as a new offer subject to our right of first refusal.

7.3. Transfer of Entire Business. For a proposed Transfer of this Agreement or the development rights granted hereunder, the conditions set forth in this Section apply unless specifically waived by DKS. If Developer is a business entity, this Section also applies to a Transfer of ownership interests that would result in a change of control of Developer:

7.3.1 You must be in compliance with all obligations to us under this Agreement and any other agreement you have with us and our affiliates as of the date of the request for our approval of the Transfer, or you must make arrangements satisfactory to us to come into compliance by the date of the Transfer.

7.3.2 The proposed transferee must:

(a) Demonstrate to our satisfaction that he or she meets all of our then-current qualifications to become a multi-store developer of Donut King Stores, which may include educational, managerial, and business standards; absence of involvement with Competing Businesses; good moral character, business reputation, and credit rating; and aptitude and ability to develop Donut King Stores. If the proposed transferee is already a DONUT KING franchisee, that fact does not guarantee approval to become a multi-store developer. We have no less discretion with respect to a proposed transferee than we have with a new multi-store developer of Donut King Stores.

(b) Demonstrate that the transferee has adequate financial resources and capital to complete the Development Schedule in a timely manner.

(c) Complete (or cause its owners and/or employees to complete, if the transferee is a business entity) any training programs that we then require for multi-store developers in the U.S.A.

(d) If the proposed transferee is an existing DONUT KING franchisee or multi-store developer, he or she must not have any outstanding notice of default under his or her agreements with us, must have a good record of customer service and compliance with the System Standards, and must execute a general release in a form acceptable to us.

(e) If the transferee is a business entity, all owners of a beneficial interest in the transferee must sign our then-current form of Personal Guarantee.

7.3.3 You must pay us a Transfer fee equal to ten percent (10%) of the Development Fee in Appendix A. Notwithstanding the foregoing, the transfer fee will not exceed \$5,000 if the transferee (i) has been a DONUT KING franchisee or multi-store developer for at least three years and is in compliance with its agreement(s) with us; or (ii) is a member of the transferring Owner's immediate family.

7.3.4 Because we believe it is important to brand integrity to keep markets intact, you must (unless we otherwise approve) Transfer all Donut King Stores that have been developed under this Agreement to the same transferee in the same transaction.

7.3.5 You and all Owners must sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. You and the Owners will remain liable to us for all obligations arising before the effective date of the Transfer.

7.3.6 The price and other proposed terms of the Transfer must not, in our reasonable business judgment, have the effect of negatively impacting the transferee's ability to complete the Development Schedule.

7.3.7 Any financing incurred in connection with the Transfer must be expressly subordinated to the transferee's obligations to us.

7.4. Transfer of Minority Ownership Interest. For any proposal to admit a new Owner, to remove an existing Owner, or to change the distribution of ownership shown on the cover page of this Agreement, or for

any other transaction that amounts to the Transfer of a partial interest in Developer or this Agreement, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. We will have a reasonable time (not less than 45 days) after we have received all requested information to evaluate the proposed Transfer. We may withhold our consent or give our consent subject to the conditions of Section 7.3 that we deem to be applicable. You acknowledge that any proposed new owner must submit a personal application and sign a Personal Guarantee in our then-current form.

7.5. Transfer to a Business Entity. We will consent to the assignment of this Agreement to and assumption of this Agreement by a corporation or limited liability company that you form solely for the convenience of ownership (a “**Company**”), without payment of a Transfer fee, provided that you comply with all of the following:

7.5.1 You must provide us with proof that the Company is in existence and in good standing in the state where it was organized. The Company must have no other business besides the development and operation of Donut King Stores. The legal name of the Company must not contain the words “DONUT KING” or any similar words or phrases.

7.5.2 The Owners must hold equity interests in the Company in the same proportion shown on the cover page of this Agreement.

7.5.3 You must designate a Key Person, as defined in Section 9.3.

7.5.4 All Owners must sign a Personal Guarantee in the form attached to this Agreement.

7.5.5 You must reimburse us for the reasonable costs and expenses we incur in connection with the assignment, including legal fees.

7.5.6 You and the Company must comply with the requirements in Section 9 for the remaining term of this Agreement.

7.6. Transfer on Death, Incapacity or Bankruptcy. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person’s executor, administrator, personal representative, or trustee must apply to us in writing within 3 months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person’s interest. The Transfer will be subject to the provisions of Sections 7.2 through 7.4, as applicable. For purposes of this Section, “incapacity” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the applicable conditions, the executor may transfer the decedent’s interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 7.6 within one year after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 8.2.

7.7. Non-Conforming Transfers. Any purported Transfer that is not in compliance with this Section 7 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure.

7.8. Prohibited Transfers. Notwithstanding Sections 7.1 to 7.6, neither Developer nor any Owner may: (i) pledge or otherwise encumber this Agreement; or (ii) pledge or otherwise encumber any ownership interest in Developer. Any security interest which, notwithstanding the previous sentence, may be created in

this Agreement by virtue of Section 9-408 of the Uniform Commercial Code will be limited as described in Section 9-408(d) of the Uniform Commercial Code.

7.9. Securities Offering. If Developer or an Owner desires to offer securities, the offering will be subject to all of the conditions of this Section 7, including our right of first refusal under Section 7.2. All materials required for the offering by federal or state law must be submitted to us for review and consent prior to their use. No offering may imply, by use of the Marks or otherwise, that we are participating in underwriting, issuing, or offering the securities. Our review of the offering materials will be limited solely to the subject of the relationship between you and us. You agree to make any changes we deem necessary to describe the relationship accurately and completely. After we have approved the offering materials, you may proceed with the offering, but you must give us written notice of the commencement date of the offering at least thirty (30) days in advance, and your notice must confirm that the final offering materials are in the form we approved or explain any deviations from the materials we approved. All participants in the offering must fully indemnify us in connection with the offering. For each proposed offering, we may require you to pay, in addition to the transfer fee under Section 7.3, a non-refundable fee of up to \$10,000 to reimburse us for our costs and expenses associated with reviewing the proposed offering.

7.10. Sale or Assignment by DKS. We have the right to transfer or assign all or any portion of our rights or obligations under this Agreement to any person or legal entity. With respect to any assignment that results in the subsequent performance by the assignee of our obligations under this Agreement, the assignee will become solely responsible for the obligations from the date of the assignment. You acknowledge that we can sell our assets, sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company, or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

8. DEFAULT AND TERMINATION

8.1. Termination without Notice. You will be in material default of this Agreement and, to the extent permitted by law, all rights granted by this Agreement will automatically terminate without notice to you if you become insolvent or make an assignment for the benefit of your creditors; if a receiver is appointed for your business; if execution is levied against your business assets; if a suit to foreclose any lien or mortgage is filed against you and not dismissed within 60 days; if a bankruptcy petition is filed by or against you and not dismissed within 60 days; or if your business entity is dissolved.

8.2. Termination without Cure Period. If any of the following events of default occurs, we will have the right to terminate this Agreement without giving you an opportunity to cure the default, effective immediately upon delivery of written notice to you:

8.2.1 If you do not have in operation the minimum number of Donut King Stores required at each deadline specified in the Development Schedule;

8.2.2 If we terminate any Franchise Agreement based on your default;

8.2.3 If any Transfer occurs that does not comply with Section 7;

8.2.4 If you knowingly maintain false or misleading books or records or knowingly submit any false or misleading information to us;

8.2.5 If you or any Owner is convicted of, pleads guilty to, or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is likely to have an adverse effect

on the System, the Marks, or the goodwill associated with them. Once you or the Owner has been arrested for or formally charged with a serious criminal offense, we will have the right to require that the individual(s) charged be removed from any active role in Developer's business pending final disposition of the charges;

8.2.6 If you or any Owner appears on any government list of "blocked" persons or your assets, property, or interests are "blocked" under any anti-terrorism law or similar law that prohibits us from doing business with you or the Owner.

8.3. Termination upon Expiration of Cure Period. If you fail to cure a default of any other provision of this Agreement within thirty (30) days after receiving written notice of default from us, this Agreement will terminate at the end of the thirty-day period without further notice from us.

8.4. Effect of Expiration or Termination. Upon expiration or termination of this Agreement, you will have no right to establish or operate any Donut King Store for which we have not signed a Franchise Agreement before expiration or termination of this Agreement. We will be free to establish, and to franchise others to establish, Donut King Stores at any location in the former Development Area except as may be otherwise provided under the terms of any Franchise Agreement that remains in effect between us and you.

8.5. No Refund. You will have no right to a refund of any part of the Development Fee upon expiration or termination of this Agreement, regardless of whether you have signed any Franchise Agreements.

9. BUSINESS ENTITY REQUIREMENTS

9.1. Ownership Information. If the Developer is a limited liability company, corporation, partnership, or other entity, Developer and each of the Owners represents and warrants that the ownership information on the cover page is correct and complete as of the Agreement Date. Developer must maintain a current list of all stockholders, general partners, limited partners, members, or other direct and indirect beneficial owners (as applicable) and furnish the list to us upon request. If any Owner is a business entity, you must provide all information we request concerning that business entity and its owners.

9.2. Key Person. "Key Person" means the individual who is responsible for managing the day-to-day development activities under this Agreement and who has the authority to bind Developer in all decisions regarding development of the Donut King Stores. The Key Person may be, but need not be, an Owner. The initial Key Person is designated in Appendix A. We have the right to rely on any statement, agreement, or representation by the Key Person. If the Key Person leaves the Developer's organization, you must nominate a new Key Person within 30 days thereafter. If you have not obtained our approval of a new Key Person within 90 days, you will be in material default of this Agreement.

9.3. Governing Documents. At our request, you must promptly furnish us with copies of your articles of incorporation, bylaws, partnership agreement, certificate of formation, limited liability company operating agreement, or other governing documents, as applicable. You must give us at least thirty (30) days prior written notice of any proposed amendments to your governing documents. Your governing documents must provide at all times that your activities are confined exclusively to developing and operating Donut King Stores. If any controlling Owner is a business entity, you must provide similar information concerning that business entity as we may request.

9.4. Control Arrangements. Any voting trust, management agreement, or other arrangement affecting the power to direct and control the affairs of Developer requires our prior written consent. You must furnish any information and documentation that we may request concerning a proposed control arrangement.

10. NOTICES

All notices related to this Agreement must be in writing and must be delivered in person or sent by certified mail, by national commercial delivery service, or by other written or electronic means which affords the sender reliable evidence of delivery or attempted delivery, to the addresses following our respective signature blocks, unless and until a different address has been designated by written notice to the other party.

11. INSURANCE AND INDEMNIFICATION

11.1. Insurance. You must buy and maintain the types and minimum amounts of insurance coverage that we specify from time to time for multi-store developers. All insurance policies must be written by a carrier with an industry rating acceptable to us; must name DKS, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have deductibles, exclusions or co-insurance that are unacceptable to us. Each insurance policy must contain a waiver by the insurance company of subrogation rights against us, our affiliates, and their successors and assigns. Upon signing this Agreement, you must provide us with evidence of insurance coverage and payment of premiums. Thereafter, before each insurance policy expires, you must furnish us with a copy of each renewal or replacement insurance policy and evidence of payment of the premium. If you do not maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the cost of insurance, plus a reasonable fee for our services. We may increase the amounts of coverage required and/or require different or additional kinds of insurance, including excess liability insurance, at any time on reasonable notice to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Your obligation to obtain coverage is not limited in any way by insurance that we maintain.

11.2. Indemnification. You agree to hold harmless, defend, and indemnify DKS, its affiliates, and their respective past, present, and future officers, directors, shareholders, employees, and agents (collectively, "**Protected Parties**") against: (i) any claims arising directly or indirectly from, as a result of, or in connection with your activities under this Agreement (collectively, "**Claims**"); and (ii) any liabilities, damages, losses, and expenses the Protected Parties incur as a result of such Claims, including but not limited to reasonable attorneys' fees, costs of investigation, settlement costs, and interest charges (collectively, "**Expenses**"). To the extent permitted by law, this indemnity includes Claims and Expenses alleged to be caused by the negligence of the Protected Parties, unless (and then only to the extent that) the Claim or Expense is finally determined by a court to have been caused solely by gross negligence or willful misconduct of the Protected Parties. With respect to any threatened or actual litigation, proceeding, or dispute which could directly or indirectly affect any of the Protected Parties hereunder, the Protected Parties will have the right, but no obligation, to: (i) choose counsel; (ii) direct, manage, and control the handling of the matter; and (iii) settle any Claim on behalf of the Protected Parties. Your obligations under this Section are not limited by the amount of your insurance coverage. This Section will survive the expiration or termination of this Agreement.

12. GENERAL PROVISIONS

12.1. Notice of Suit. You must immediately notify us in writing of any lawsuit or legal proceeding or any order, writ, injunction, award, or decree of any court or government agency that may adversely affect your financial condition or development of Donut King Stores.

12.2. Independent Contractor. Nothing in this Agreement is intended to make us or you an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf or

to incur any debt or other obligation in our name. We will not assume liability for, or be deemed liable as a result of, any such action, nor will we be liable for your acts or omissions or any claim or judgment arising therefrom against you or us. You must hold yourself out to the public as an independent contractor operating under this Agreement. This Agreement does not create a fiduciary relationship between you and us.

12.3. Public Notice of Independent Status. You must conspicuously identify yourself by your own company name in all dealings with landlords, contractors, suppliers, public officials, and employees and on all business cards, stationery, advertising, payroll forms, purchase orders and other materials. No permitted use of the Marks in such materials may give the third party the impression that the third party is dealing with us rather than you or that you are acting on our behalf.

12.4. Severability. If any provision of this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, the invalidity will not impair the operation of any other provisions of this Agreement that remain otherwise intelligible. The latter will continue to be given full force and effect and the invalid provision(s) will be deemed not to be a part of this Agreement.

12.5. No Implied Waiver. No failure to exercise any right reserved to us in this Agreement or to insist upon your strict compliance with any obligation or condition in this Agreement, and no custom or practice of the parties, will constitute a waiver of our right to exercise any right or to demand your compliance with this Agreement. Our waiver of any particular default will not affect or impair our rights with respect to any subsequent default. No delay, forbearance, or omission by us to exercise any power or right arising out of your breach or default will affect or impair our right to exercise the power; nor will it constitute a waiver of our right to declare any subsequent breach or default and to terminate this Agreement.

12.6. No Implied Third Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity other than Developer, the Owners, and us, and such of their successors and assigns as may be contemplated by Section 7 above.

12.7. No Implied Consent. Whenever this Agreement requires our prior approval or consent, you or the Owners must make a timely written request, and the approval or consent must be obtained in writing and signed by one of our officers. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by providing any waiver, approval, consent or suggestion in connection with this Agreement.

12.8. Survival of Obligations. All obligations which expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive expiration, termination, or Transfer.

12.9. Our Business Judgment. Unless otherwise expressly provided in this Agreement, whenever we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take an action, we can make our decision or exercise our discretion based on our judgment of what is in our best interests. "Best interests" includes what we believe to be the best interests of the DONUT KING brand at the time the decision is made or the right or discretion is exercised, even though (a) there may have been other alternative decisions or actions that could have been taken; (b) our decision or action taken promotes our own financial interest; or (c) our decision or the action may apply differently to different franchisees, multi-store developers, or Donut King Stores. In the absence of an applicable statute, we will have no liability to you for any such decision or action. If applicable law implies a duty of good faith and fair dealing in this Agreement, we and

you agree that the duty does not encompass any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

12.10. Entire Agreement. This Agreement and its Appendices constitute the entire agreement between you and us concerning the development rights and obligations for Donut King Stores in the Development Area and supersede all prior agreements, negotiations, representations, and correspondence concerning the same subject matter, except that nothing in this Agreement is intended to disclaim any representations made in any Franchise Disclosure Document that you received from us in connection with this Agreement. No amendment, change, or variance from this Agreement will be binding unless agreed to in writing and signed by authorized representatives of each party.

13. APPLICABLE LAW; DISPUTES

13.1. Governing Law. This Agreement and the relationship between us, you and the Owners is governed by the laws of the State of Illinois, except that if Section 6.2 or any other provision of this Agreement would not be enforceable under the laws of Illinois, and if the Development Area is located outside of Illinois and the provision would be enforceable under the laws of the state in which the Development Area is located, then that provision will be governed by the laws of the state in which the Development Area is located. In the event of any conflict of law question, the laws of Illinois will prevail, without regard to the application of Illinois conflict-of-law rules. This Section is not intended to subject this Agreement or our relationship with you to any Illinois statute or regulation that would not apply by its own terms without considering this Section.

13.2. Venue for Litigation. Developer and the Owners must file any lawsuit against us only in the federal or state court where our principal office is located at the time the suit is filed. We may file a lawsuit against Developer or the Owners in the federal or state court where our principal office is located or where Developer's principal office is located at the time the suit is filed. The parties waive all objections to personal jurisdiction and venue for purposes of carrying out this provision.

13.3. Time Limit on Filing. Any lawsuit you or the Owners file against us arising out of or relating to this Agreement must be filed and served within two (2) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

13.4. Waiver of Jury Trial. We, you and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim.

13.5. Waiver of Exemplary Damages. You and the Owners, on the one hand, and DKS on the other, waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, multiple, or consequential damages against the other and agree that, in case of a dispute, each will be limited to the recovery of any actual damages sustained.

13.6. Class Action Waiver. TO THE EXTENT PERMITTED BY LAW, YOU AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST US.

13.7. Attorney's Fees and Costs. You must reimburse us for all expenses we reasonably incur (including attorneys' fees): (a) to enforce the terms of this Agreement; and (b) in the defense of any claim asserted by Developer or the Owners on which we substantially prevail in court or other formal legal proceedings.

13.8. Remedies are Cumulative. Except as otherwise provided in this Section 13, no right or remedy under this Agreement is exclusive of any other right or remedy.

DONUT KING SYSTEMS, LLC

By: _____

Title: _____

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Address for Notices:

Address for Notices:

APPENDIX A TO DEVELOPMENT AGREEMENT

DEVELOPMENT AREA (Section 1.1)

DEVELOPMENT SCHEDULE (Section 1.2)

Deadline:	Minimum cumulative number of Donut King Stores that you must have open and operating in the Development Area by Deadline (see notes 1 and 2):

Note 1: Any existing Donut King Stores acquired by Developer at the time of or before signing this Agreement do not count toward the required minimum numbers in the Development Schedule.

Note 2: Any Donut King Store that closes within the time period of the Development Schedule will be subtracted from Developer’s cumulative total if the Donut King Store was previously counted toward the minimum requirements.

DEVELOPMENT FEE AND FRANCHISE FEES (Sections 2.1 and 2.2)

The franchise fees payable for each Donut King Store required by the Development Schedule are:

First Store: \$ _____
Second Store: \$ _____
Third Store: \$ _____
Fourth Store: \$ _____
Fifth Store: \$ _____
TOTAL: \$ _____

The Development Fee is \$ _____

KEY PERSON (Section 9.3)

The initial Key Person is _____

APPENDIX B TO DEVELOPMENT AGREEMENT

FORM OF LEASE RIDER

THIS ADDENDUM is dated _____ amends and supplements the Lease Agreement dated _____ (the "**Lease**") between _____ ("Lessor") and _____ ("**Lessee**"), a franchisee of DONUT KING SYSTEMS, LLC ("**DKS**").

1. Lessor acknowledges that Lessee intends to operate a DONUT KING® store at the premises specified in the Lease (the "**Premises**") under the terms of a Franchise Agreement between Lessee and DKS (the "**Franchise Agreement**").
2. Lessor and Lessee agree as follows:
 - a. Lessor consents to Lessee's use of the Marks, signage, décor items and color scheme prescribed by DKS for a DONUT KING® store.
 - b. The use of the Premises is restricted solely to the operation of a DONUT KING® store during the term of the Franchise Agreement.
 - c. Lessee is prohibited from subleasing or assigning all or any part of its occupancy rights or from extending the term of or renewing the lease without DKS's prior written consent.
 - d. Lessor will provide DKS with copies of all notices of default given to Lessee under the Lease and a reasonable opportunity to cure the default on Lessee's behalf.
 - e. DKS has the right to enter the Premises to make modifications necessary to protect its Marks and System (as defined in the Franchise Agreement) or to cure any default under the Franchise Agreement or under the Lease.
 - f. DKS has the option, within thirty (30) days after expiration or termination of the Franchise Agreement, and upon notice to Lessor, to assume (or to have DKS's designee assume) all of Lessee's rights and obligations under the Lease, including any right to assign or sublease.
 - g. Lessee has the right, without the prior approval of Lessor, to remodel the Premises as and when required by the Franchise Agreement.
 - h. Lessee has the right, without Lessor's prior approval, to assign the Lease or sublet the leased Premises to DKS or any of its affiliates, or to any other franchisee of DKS.
 - i. Lessor and its affiliates will not lease space in property owned, managed or controlled by them within one-half mile of the Premises to any foodservice brand or outlet (not including other Donut King Stores) featuring products substantially similar to the products then being offered by the majority of Donut King Stores (a "**Competing Business**"); and
 - j. Lessor and Lessee will not amend the lease in any manner that could materially affect the foregoing requirements without DKS's prior written consent.

3. DKS is a third party beneficiary with the independent right to enforce the provisions of this Addendum.

LESSOR

By: _____

LESSEE

By: _____

By: _____

By: _____

By: _____

APPENDIX C TO DEVELOPMENT AGREEMENT

PERSONAL GUARANTEE

As an inducement to DONUT KING SYSTEMS, LLC (“DKS”) to execute a Development Agreement (the “Agreement”) with _____ (“Developer”), a _____, the undersigned individuals (collectively, the “Guarantors”), jointly and severally, hereby unconditionally guarantee to DKS, its affiliates, and their successors and assigns (collectively, “DONUT KING”) that all of Developer’s obligations under the Agreement, and under other agreements or arrangements between the Developer and Company, will be punctually paid and performed.

1. Guarantee. Upon demand by DONUT KING, the Guarantors will immediately make each contribution or payment required of Developer under the Agreement and under other agreements or arrangements between Developer and DONUT KING. Each Guarantor waives any right to require DONUT KING to: (a) proceed against Developer or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Developer or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, DONUT KING may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Developer, or settle, adjust, or compromise any claims against the Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment and agree to be bound by any and all such amendments and changes to the Agreement.

2. Indemnity. The Guarantors agree to hold harmless and indemnify DONUT KING against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys’ fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) arising out of or in connection with any failure by Developer to perform any obligation under the Agreement or any other agreement between Developer and DONUT KING.

3. Other Personal Obligations. The Guarantors acknowledge and agree to be bound personally by all restrictions on competition, confidentiality provisions, governing law and dispute resolution provisions, and restrictions on transfer of interest contained in the Agreement. The Guarantors may not disclose to any third party or make use of any Confidential Information (as defined in the Agreement) they may have received from DONUT KING, by virtue of their involvement in the business, or via their ownership interest in Developer.

4. Survival of Obligations. Upon the death of a Guarantor, the Guarantor’s estate will remain bound by this Guarantee, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

5. Spouses. The spouse of each Guarantor must sign the Spouse’s Acknowledgment, by which the spouse acknowledges that DONUT KING is relying on all assets of the Guarantor, including jointly owned marital property, in accepting the Guarantor’s obligations hereunder. The Spouse’s Acknowledgment confirms that DONUT KING may pursue the Guarantor’s interest in jointly owned marital property, but it does not make the spouse a guarantor or subject his or her separate property to this Guarantee. However, if the spouse is also an owner of Developer, the spouse must also sign this Guarantee as a Guarantor.

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE’S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE’S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE’S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

GUARANTOR:

Printed Name: _____

Signature: _____

Date: _____

SPOUSE’S ACKNOWLEDGEMENT:

Printed Name: _____

Signature: _____

Date: _____

APPENDIX D TO DEVELOPMENT AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

_____ [name of Developer] (“**Developer**”) has entered into a Development Agreement (the “**Development Agreement**”) with DONUT KING SYSTEMS, LLC (“**DKS**”) to develop DONUT KING® stores in a defined geographic area (the “**Development Area**”). Under the Development Agreement, DKS can require that certain individuals affiliated with Developer bind themselves personally to the confidentiality obligations and restrictions on competition contained in the Development Agreement. You therefore agree as follows:

1. You are signing this Agreement for the benefit of both Developer and DKS, as a condition of your employment by, ownership interest in, or other role with Developer. DKS has the right to enforce this Agreement directly against you.
2. You will or might gain access to Confidential Information (as defined in the Development Agreement) as a result of your role with Developer. You agree that you will: (a) not use the Confidential Information in any other business or capacity; (b) exert best efforts to maintain the confidentiality of the Confidential Information; and (c) not make unauthorized copies of any Confidential Information. If your affiliation with Developer ends, you must deliver to DKS any Confidential Information in your possession or control.
3. While the Development Agreement is in effect and you continue in your role with Developer, you will not, without DKS’s consent (which may be withheld at DKS’s discretion) either directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any other foodservice brand or outlet featuring donuts and coffee-based drinks (not including any DONUT KING® stores that Developer operates under other agreements with DKS) (“**Competing Business**”).
4. For two (2) years after (i) your relationship with Developer ends; (ii) the expiration or termination of the Development Agreement; or (iii) the approved transfer of the Development Agreement to a new developer, whichever comes first, you will not, without DKS’s consent (which may be withheld at DKS’s discretion) either directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any Competing Business operating within the Development Area or within ten (10) miles of any DONUT KING® stores. If you do not abide by any of the foregoing restrictions and Developer or DKS obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached restriction will continue in effect for a period of time ending two (2) years after the date of the order enforcing the restriction.
5. You acknowledge that enforcement of the restrictions contained in Paragraphs 3 and 4 will not deprive you of the ability to earn a living. If a court rules that any of these restrictions is unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited, and/or length of time, you agree to comply with any lesser restriction deemed enforceable by the court. If Developer or DKS initiates a legal proceeding to enforce this Agreement and prevails in the proceeding, you agree to reimburse Developer or DKS for its enforcement costs and expenses, including reasonable attorneys’ fees.

[DEVELOPER]

YOU

EXHIBIT 6

COLLATERAL ASSIGNMENT OF LEASE

DONUT KING SYSTEMS. LLC
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("Assignor"), hereby assigns, transfers any assets over unto **Donut King Systems, LLC**, a Delaware limited liability company ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the "Lease"), respecting premises commonly known as Space No. _____ of that certain shopping center legally described in the Lease as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Donut King Store between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee or its designee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal, provided that Assignee shall have the right but not the obligation to exercise such extension or renewal options.

This Assignment shall inure to the benefit of Assignee and its successors and assigns and shall be binding upon Assignor, and Assignor's heirs, personal representatives, officers, partners, successors and assigns.

[SIGNATURES ON NEXT PAGE]

Upon recordation, return to Donut King Systems, LLC at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, tel. (949) 752-5282, rfginternational@rfg.com.au.

DONUT KING SYSTEMS, LLC

ASSIGNOR(S) (INDIVIDUAL):

By: _____

Name

Title: _____

Signature

Attest: _____

Name

Signature

ASSIGNOR(S) (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the afore described Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee shall take possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease; and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

Lessor

SIGNED AND SEALED this _____ day of _____, 20____.

Notary Public

EXHIBIT 7

OPERATING MANUAL TABLE OF CONTENTS



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EXHIBIT 8

GENERAL RELEASE

GENERAL RELEASE

This General Release ("Release") is made by and among DONUT KING SYSTEMS, LLC, a Delaware limited liability company ("FRANCHISOR") and _____ ("FRANCHISEE"), effective as of the date of execution of this Release by both FRANCHISOR and FRANCHISEE ("Effective Date") with reference to the following facts:

A. FRANCHISEE has elected to enter into a franchise agreement with FRANCHISOR to open and operate a "Donut King" store and/or kiosk (the "Business") pursuant to the "Donut King" Franchise Agreement between FRANCHISOR and FRANCHISEE dated _____ (the "Franchise Agreement"); and

B. FRANCHISOR has agreed to execute the franchise agreement on condition, among other things, that FRANCHISEE execute this General Release.

THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, FRANCHISEE and FRANCHISOR hereby agree as follows:

1. Release. FRANCHISEE hereby absolutely and forever releases and discharges FRANCHISOR and its Related Parties, from and against any and all Claims of FRANCHISEE arising out of or relating to the offer or sale of the Franchise Agreement, including violations of any Federal or state law, rule or regulation pertaining thereto. "Related Parties" means predecessors, affiliates, agents, employees, successors, assigns, and their respective officers, directors, shareholders, heirs, executors and representatives. "Claims" means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time heretofore ever had, owned or held, or at any time hereafter has, owns or holds. FRANCHISEE hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part based upon, any Claim released hereunder.

2. Waiver. If FRANCHISEE is a resident of or domiciled in California, FRANCHISEE acknowledges that it is familiar with Section 1542 of the Civil Code of the State of California which provides as follows:

"A general release does not extend to claims which 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."

FRANCHISEE hereby expressly waives and relinquishes every right or benefit which FRANCHISEE has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, with respect to the matters released by FRANCHISEE under paragraph 1 to the full extent that FRANCHISEE may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to said matters released by FRANCHISEE, FRANCHISEE acknowledges that it is aware that it may hereafter discover facts in addition to or different from those which FRANCHISEE now knows or believes to be true with respect to the subject matter of this Release, but that it is FRANCHISEE'S intention hereby fully, finally and forever, to settle and release all Released Matters, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the release given

herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts.

3. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

4. Acknowledgment. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party's rights from legal counsel of its choice.

5. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrong doing by any party hereto.

6. No Assignment. FRANCHISEE represents and warrants to FRANCHISOR that it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Released Matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, or convey any such claim hereafter.

7. Choice of Law and Venue. This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of Illinois. Any legal action to enforce or challenge the terms and conditions of this Agreement shall be filed exclusively in the federal or state courts sitting in Cook County, Illinois. The parties waive all objections to personal jurisdiction and venue for purposes of carrying out this provision.

8. Gender. Whenever in this Agreement the context may so require, the feminine, masculine or neuter gender shall be deemed to refer to and include the neuter, feminine and masculine, and the singular to refer to and include the plural.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the date set forth above its/his name below.

DATED: _____ 20_____

DATED: _____ 20 _____

FRANCHISOR

FRANCHISEE

DONUT KING SYSTEMS, LLC
a Delaware limited liability company

By: _____

By: _____

Its: _____

By: _____

By: _____

EXHIBIT 9

DONUT KING FRANCHISEES

ANNEXURE 1 – DETAILS OF EXISTING DONUT KING FRANCHISED OPERATIONS

A. Australia

	Store	Store Address	Established DD/MM/YYYY
1.	Donut King Altona Meadows S32	Shop 32 Central Square Cnr Central Avenue & Merton St Altona Meadows VIC 3028 Australia Ph: +613 9315-8711	6/09/2004
2.	Donut King Armadale Central	Shop 55 Armadale Central Shopping Centre 10 Orchard Avenue Armadale WA 6112 Australia Ph: +618 9335 5492	27/03/2008
3.	Donut King Armidale Centro	Shop K6 Centro Armidale Cnr Beardy & Jessie Streets Armidale NSW 2350 Australia Ph: +612 6772-4058	16/11/2007
4.	Donut King Aspley Hypermarket	Kiosk 1 Pick 'n' Pay Hypermarket Albany Creek Road Aspley QLD 4034 Australia Ph: +617) 3263-9886	1/11/1995
5.	Donut King Auburn Central	Kiosk 1 Auburn Central Shopping Centre 62-72 Queen Street Aurbun NSW 2144 Australia Ph: +612 9649-8821	11/07/2005
6.	Donut King Bacchus Marsh Village	Shop K1 Bacchus Marsh Village Shopping Centre Cnr. Main & Young Street Bacchus Marsh VIC 3340 Australia Ph: +613 5367-4910	20/11/1998
7.	Donut King Bankstown	Shop T219 Bankstown Square North Terrace Bankstown NSW 2200 Australia Ph: +612 9793-1588	28/04/2000
8.	Donut King Bateau Bay (previously Bay Village)	Kiosk 3 Bateau Bay Square 12 Bay Village Road Bateau Bay NSW 2261 Australia Ph: +612 4332-0053	20/04/2005
9.	Donut King Batemans Bay (formerly Stockland)	Shop G4, Village Centre 1 Perry Street Batemans Bay NSW 2536 Australia Ph: +617 4472-3015	28/08/2004

	Store	Store Address	Established DD/MM/YYYY
10.	Donut King Bathurst Stockland	Shop 24 Stockland Bathurst City Centre 121 Howick Street BATHURST NSW 2795 Australia Ph: +612 6334-3519	8/05/2002
11.	Donut King Bayside G053	Shop G053 Bayside Shopping Centre 28 Beach Street Frankston Victoria 3199 Australia Ph: +613 9781 4558	29/04/2017
12.	Donut King Beenleigh Marketplace	Kiosk 2 Beenleigh Market Place George Street Beenleigh QLD 4207 Australia Ph: +612 5598-1747	23/03/1999
13.	Donut King Belconnen K102	Kiosk K102 Westfield Belconnen Benjamin Way Belconnen ACT 2617 Australia Ph: +612 6251-8085	16/08/2006
14.	Donut King Belconnen KFC3	Kiosk FC3 Westfield Belconnen Benjamin Way Belconnen ACT 2617 Australia Ph: +612 6253-3800	24/06/2021
15.	Donut King Bendigo Marketplace	Kiosk 7 Bendigo Marketplace 116 -120 Mitchell Street BENDIGO VIC 3550 Australia Ph: (03) 5444-4170	25/10/1995
16.	Donut King Blacktown Westpoint K106	Shop K1.06 Westpoint Blacktown 17 Patrick Street Blacktown NSW 2148 Ph: +612 9621-1448	6/08/2011
17.	Donut King Booval S33	Shop 33 Booval Shopping Centre Cnr Brisbane & South Station Rd Booval QLD 4304 Australia Ph: +617 3812-9955	28/08/2002
18.	Donut King Brand Junction	Kiosk 1 Brand Junction Cnr Metropolitan Ring & Plenty Rd University Hill Bundoora VIC 3083 Australia Ph: +613 9467-7120	7/11/2008
19.	Donut King Bribie Island	Kiosk 2 Bribie Island Shopping Centre Cnr Hornsby & Fortune Avenue Bribie Island QLD 4507 Australia Ph: +617 3408-4673	31/10/2005
20.	Donut King Brookside	K7 Brookside Shopping Centre 159 Osborne Road Mitchelton QLD 4053 Australia Ph: +617 3355-9382	17/01/2018

	Store	Store Address	Established DD/MM/YYYY
21.	Donut King Burwood Westfield K10A	Kiosk K10A Westfield Burwood 100 Burwood Road Burwood NSW 2134 Australia Ph: +612 9715-6736	3/11/2013
22.	Donut King Cairns Central	Shop S95 Cairns Central Shopping Centre Cnr McLeod and Spence Streets Cairns QLD 4870 Australia Ph: +617 4041-1633	7/06/2005
23.	Donut King Cairns DFO	Shop F302 DFO Cairns 274 Mulgrave Road Cairns QLD 4870 Australia Ph: +617 4041-1118	8/11/2008
24.	Donut King Cairns Stockland	Shop 47 Stockland Cairns Shopping Centre 537 Mulgrave Road Earlville QLD 4870 Australia Ph: +617 4054-7011	31/05/2003
25.	Donut King Campbellfield	Shop 10 Campbellfield Plaza Cnr Hume Hwy & Mahoneys Rd Campbellfield VIC 3061 Australia Ph: +613 9359-0587	6/09/2007
26.	Donut King Campbelltown Mall	Shop L61/62 Campbelltown Mall 271 Queen Street Campbelltown NSW 2560 Australia Ph: +612 4627-4103	25/09/1997
27.	Donut King Canberra Centre	Shop EGK22 Canberra Centre Bunda Street Canberra City ACT 2608 Australia Ph: +612 6257-1441	15/11/2008
28.	Donut King Canberra DFO	Shop F312 DFO Canberra 337 Canberra Ave Fyshwick ACT 2609 Australia Ph: +612 6112-6222	1/05/2012
29.	Donut King Caneland Central	Shop 2031 Caneland Central Cnr Victoria and Mangrove Roads Mackay QLD 4740 Australia Ph: +617 4953-4150	22/11/2003
30.	Donut King Cannonvale S31	Shop T31 Centro Whitsundays 8 Gailbraith Park Drive Cannonvale QLD 4802 Australia Ph: +617 4948-3775	27/03/2006

	Store	Store Address	Established DD/MM/YYYY
31.	Donut King Carindale Westfield	Kiosk F07A Westfield Carindale 1151 Creek Road Carindale QLD 4152 Australia Ph: +617 3398-6888	9/08/2012
32.	Donut King Caringbah	Shop 9 Caringbah Shopping Village 58 President Ave Caringbah NSW 2229 Australia Ph: +612 9540-5449	8/06/2010
33.	Donut King Carnes Hill Marketplace	Kiosk 1 Carnes Hill Marketplace Cowpasture Road Hoxton Park NSW 2171 Australia Ph: +612 8783-6033	25/08/2000
34.	Donut King Caroline Springs	Shop K01 Caroline Springs Shopping Centre 13-19 Lake Street Caroline Springs VIC 3023 Australia Ph: +613 9363-5927	3/05/2007
35.	Donut King Castletown K02	Shop K2 Castletown Shopping World Cnr Kings Road & Woolcock St Townsville QLD 4810 Australia Ph: +617 4721-2624	31/03/2004
36.	Donut King Casuarina SQ	Shop GD K17 Casuarina Square Shopping Centre Trower Road Casuarina NT 0811 Australia Ph: +618 8927-0399	10/05/2019
37.	Donut King Casula Mall	Shop Kiosk K5 Casula Mall Cnr Kurrajong Road and Ingham Drive Casula NSW 2170 Australia Ph: +612 9600 7667	14/03/2005
38.	Donut King Cat & Fiddle Arcade	Kiosk 3 Cat and Fiddle Arcade Clock Court Cnr Murray & Elizabeth Streets Hobart TAS 7000 Australia Ph: +613 6231-6677	16/10/2002
39.	Donut King Channel Court Kingston	Big W Foyer Kiosk Channel Court Shopping Centre Channel Highway Kingston TAS 7050 Australia Ph: +613 6227-1744	4/04/2006
40.	Donut King Charlestown SQ 2052	Shop 2052 Charlestown Square 30 Pearson Street Charlestown NSW 2290 Australia Ph: +612 4942-3715	2/02/1995
41.	Donut King Charlestown Square K800	Ground Level Kiosk K800 Charlestown Square 30 Pearson Street Charlestown NSW 2290	13/10/2017

	Store	Store Address	Established DD/MM/YYYY
		Australia Ph: +612 4946-2888	
42.	Donut King Chatswood Chase	Shop B029 Chatswood Chase 345 Victoria Avenue Chatswood NSW 2067 Australia Ph: +612 9411-3105	20/04/2001
43.	Donut King Chermside W/F K14	Kiosk 14 Westfield Shoppingtown Chermside Gympie Road Chermside QLD 4032 Australia Ph: +617 3350-4444	1/12/1995
44.	Donut King Chirnside Park	Shop K04 Chirnside Park Maroondah Highway Chirnside Park VIC 3116 Australia Ph: +613 9727-2662	27/04/2002
45.	Donut King Chullora Marketplace	Shop T20 Chullora Marketplace Waterloo Road Chullora NSW 2190 Australia Ph: +612 9758-8404	28/11/2012
46.	Donut King Clifford Gardens	Shop No K003 Clifford Gardens Shopping Centre James Street Toowoomba QLD 4350 Australia Ph: +617 4633-2624	20/11/2001
47.	Donut King Dalby	Shop 33 Dalby Shoppingworld Warrego Highway Dalby QLD 4405 Australia Ph: +617 4669-8122	30/10/2006
48.	Donut King Dee Why Grand Plaza	Kiosk 6 Dee Why Grand Plaza 834 Pittwater Road Dee Why NSW 2099 Australia Ph: +612 9971-6225	29/07/2010
49.	Donut King Devonport K1	Kiosk 1 Woolworths Shopping Centre 70-80 Best Street Devonport TAS 7310 Australia Ph: +613 6423 4141	2/05/2005
50.	Donut King DFO Brisbane	Shop 207 DFO Brisbane 1 Airport Drive, Brisbane QLD 4000 Australia Ph: +617 3115-2686	8/09/2005
51.	Donut King Dubbo Centro	Shop 7 Dubbo Centro Macquarie Street Dubbo NSW 2830	15/12/1993

	Store	Store Address	Established DD/MM/YYYY
		Australia Ph: +612 6884-0200	
52.	Donut King Dubbo Orana Mall	Shop K1 Orana Mall Marketplace Cnr Wheelers Lane & Mitchell Hwy East Dubbo NSW 2830 Australia Ph: +612 6882-7704	18/10/1993
53.	Donut King Eastgardens	Kiosk K120 Westfield Shoppingtown Eastgardens 152 Bunnerong Road Pagewood NSW 2035 Australia Ph: +612 9314-0711	13/12/1996
54.	Donut King Eastlands G002	Shop G002 Eastlands Shopping Centre 26 Bligh Street Rosny Park TAS 7018 Australia Ph: +613 6244-1711	2/09/2004
55.	Donut King Eden Rise	Kiosk 4 Eden Rise Village Cnr O'Shea & Clyde Roads Berwick VIC 3806 Australia Ph: +613 8786-7388	14/11/2007
56.	Donut King Endeavour Hills	Shop K69 Endeavour Hills Shopping Centre Heatherton Road Endeavour Hills VIC 3802 Australia Ph: +613 9700-1164	17/09/2007
57.	Donut King Erina Fair	Shop TE01 Erina Fair Terrigal Drive Erina NSW 2250 Australia Ph: +612 4365-4455	12/10/1993
58.	Donut King Erina Fair Shop T009	Shop T009 Erina Fair Shopping Centre Terrigal Drive Erina NSW 2250 Australia Ph: +612 4365-3449	16/04/2014

	Store	Store Address	Established DD/MM/YYYY
59.	Donut King Fairfield Waters	Shop K01 Fairfield Central Shopping Centre 2-30 Lakeside Drive Fairfield Waters Idalia QLD 4811 Australia Ph: +617 4778-2048	9/12/2008
60.	Donut King Fairfield West	Shop 16 Fairfield West Market Place 368 Hamilton Road Fairfield West NSW 2165 Australia Ph: +612 9725-3866	14/12/2010
61.	Donut King Forest Hill Chase	Shop FC015 Forest Hill Chase Canterbury Road Forest Hill VIC 3131 Australia Ph: +613 9894-2919	12/09/1992
62.	Donut King Forster	Kiosk 3 Stockland Forster Breese Parade Forster NSW 2428 Australia Ph: +612 6555-5266	2/11/2006
63.	Donut King Gippsland Centre K8	Kiosk 8 Gippsland Shopping Centre 37-39 Cunningham Street Sale VIC 3850 Australia Ph: +613 5143-1098	25/10/2003
64.	Donut King Gladstone Stockland	Shop 4 Stockland Gladstone Phillip Street Gladstone QLD 4680 Australia Ph: +617 4978 0636	5/08/2017
65.	Donut King Glendale	Kiosk 2 Stocklands Glendale Lake Road Glendale NSW 2285 Australia Ph: +612 4956-7355	28/03/1996
66.	Donut King Glenmore Park	Kiosk 2 Glenmore Park Town Centre Glenmore Parkway Glenmore NSW 2745 Australia Ph: +612 4737-8107	10/12/2000
67.	Donut King Goulburn Centro	Kiosk 4, 217 Auburn Street Goulburn NSW 2580 Australia Ph: +612 4821-8768	22/12/2012
68.	Donut King Grand Central	K6 Grand Central Toowoomba Cnr. Clifford & Margaret Streets Toowoomba QLD 4350 Australia Ph: +617 4639-5108	2/06/1997

	Store	Store Address	Established DD/MM/YYYY
69.	Donut King Grand Plaza (Browns Plains)	Shop K112 Grand Plaza Shopping Centre Cnr. Mt. Lindesay Hwy & Browns Plains Rd Brown Plains QLD 4118 Australia Ph: +617 3800-8366	2/10/1994
70.	Donut King Greensborough Plaza L03 K10	Shop L03K10 Greensborough Plaza Shopping Centre 25 Main Street Greensborough VIC 3088 Australia Ph: +613 9435-9155	8/05/2002
71.	Donut King Griffin Plaza	Kiosk 1 Griffin Plaza Yambil & Crossing Street Griffith NSW 2680 Australia Ph: +612 6964-5332	15/03/1997
72.	Donut King Griffith Central	Kiosk 7 Griffith Central 10-12 Yambil Street (Cnr Jondaryan Ave) Griffith NSW 2063 Australia Ph: +612 6964-8169	30/10/2007
73.	Donut King Gungahlin	Kiosk K1 "The G" Cnr Hibberson Street and Gungahlin Place Gungahlin ACT 2912 Australia Ph: +612 6253-9441	18/09/2005
74.	Donut King Gympie	Shop FC1 Centro Gympie Cnr Excelsior Rd and Bruce Hwy Gympie QLD 4570 Australia Ph: +617 5483-7932	1/03/2007
75.	Donut King Hampton Park	Shop 7 Hampton Park Shopping Centre Cnr Hallam & Somerville Rds Hampton Park VIC 3976 Australia Ph: +613 9799-7333	23/06/2010
76.	Donut King Helensvale W/F K11	Kiosk 11 Westfield Helensvale 1-29 Milaroo Drive Helensvale QLD 4212 Ph: +617 5500-0080	13/10/2005
77.	Donut King Hervey Bay	Shop 70 Stockland Hervey Bay 6 Central Avenue Pialba Qld 4655 Australia Ph: +617 4325-4522	12/07/2014
78.	Donut King Highlands Marketplace	Shop T31 Highlands Marketplace 197 Old Hume Highway Mittagong NSW 2575 Australia Ph: +612 4871-2903	8/03/2007

	Store	Store Address	Established DD/MM/YYYY
79.	Donut King Hornsby K301	Kiosk 301 Westfield Shoppingtown Hornsby 236 Pacific Highway Hornsby NSW 2077 Australia Ph: +612 9477-4869	26/09/2001
80.	Donut King Hunter Mall	Shop 6 Hunter Mall Shopping Centre High Street Maitland NSW 2320 Australia Ph: +612 4933-4664	10/04/1990
81.	Donut King Hurstville	Westfield Kiosk NK1 Corner Cross Street and Park Road Hurstville NSW 2220 Australia Ph: +612 9570-4833	16/11/2015
82.	Donut King Indooroopilly K107	Shop K107 Indooroopilly Shopping Centre 322 Moggill Road Indooroopilly QLD 4068 Australia Ph: +617 3878-1802	5/12/2016
83.	Donut King Ipswich Riverlink	Shop FK7 Ipswich Riverlink Shopping Centre Cnr Downs Road & The Terrace North Ipswich QLD 4305 Australia Ph: +617 3282-9943	5/04/2007
84.	Donut King Jamison	Shop A03, Jamison Shopping Centre Bowman Street Macquarie ACT 2614 Australia Ph: +612 6162-2939	30/06/2008
85.	Donut King Karingal Hub (previously Karingal Centro)	Kiosk T1J/K Karingal Centro Shopping Centre 330 Cranbourne Road Frankston VIC 3199 Australia Ph: (03) 9775-9777	20/04/2006
86.	Donut King Keilor Downs	Kiosk 3 Centro Keilor Taylors Road Keilor Downs VIC 3038 Australia Ph: +613 9364-2395	1/03/1999
87.	Donut King Kellyville	Kiosk 1 Kellyville Plaza Wrights Road Kellyville NSW 2155 Australia Ph: +612 9836-1077	7/08/2003

	Store	Store Address	Established DD/MM/YYYY
88.	Donut King Kingaroy	Kiosk 24A Kingaroy Shopping World Cnr Alford & Youngman Streets Kingaroy QLD 4610 Australia Ph: +617 4162-3121	6/11/2000
89.	Donut King Kotara Westfield	Kiosk K105 Westfield Kotara Cnr Northcott Drive & Park Avenue Kotara NSW 2289 Australia Ph: +612 4953-9111	30/06/2001
90.	Donut King Lake Haven	Shop 12 Lake Haven Shopping Centre Cnr Arizona & Goobarabah Road Gorokan NSW 2263 Australia Ph: +612 4392-7963	24/11/1986
91.	Donut King Lansell Centro K2	Kiosk 2 Centro Lansell 267-283 High Street Kangaroo Flat VIC 3555 Australia Ph: +613 5447-9227	27/05/2000
92.	Donut King Lavington	Kiosk 3 Centro Lavington Griffith Road Lavington NSW 2641 Australia Ph: +612 6040-0151	11/12/2008
93.	Donut King Leichhardt Marketplace	Shop K5 MarketPlace Leichhardt Cnr Marion and Flood Streets Leichhardt NSW 2040 Australia Ph: +612 9560-1380	26/04/2007
94.	Donut King Lidcombe	Kiosk 6 Lidcombe Shopping Centre 92 Parramatta Road Lidcombe NSW 2141 Australia Ph: +612 9648-5782	13/10/2015
95.	Donut King Lilydale Marketplace Express	Shop T33 Stockland Lilydale Hutchinson Street Lilydale VIC 3140 Australia Ph: +613 9735-2391	15/12/1999
96.	Donut King Lismore Square	Shop 50A Lismore Square Shopping Centre 2 McKenzie Street Lismore NSW 2480 Australia Ph: +612 6622-6366	20/09/2005
97.	Donut King Lithgow	Kiosk 3 Lithgow Valley Plaza Cnr Lithgow & Bent Streets Lithgow NSW 2790 Australia Ph: +612 6351-2636	24/07/2013
98.	Donut King Liverpool K1013	Kiosk K1013 Westfield Liverpool Macquarie Street Liverpool NSW 2170 Australia Ph: +612 9602-5487	22/06/2006

	Store	Store Address	Established DD/MM/YYYY
99	Donut King Logan Hyperdome K21	Kiosk 21 Logan Hyperdome & Home Centre Cnr. Bryants Rd. & Pacific Hwy Loganholme QLD 4129 Australia Ph: +61433 369 862	22/12/1997
100	Donut King Maryborough K1	Kiosk 1 Station Square Shopping Centre Alice Street Maryborough QLD 4650 Australia Ph: +617 4121-7440	1/04/2000
101	Donut King Meadow Mews	Shop 34 Meadow Mews Shopping Centre 102-106 Hobart Road Kings Meadows TAS 7249 Australia Ph: +613 6344-2165	28/07/2003
102	Donut King Menai	Shop 23 Menai Marketplace Allison Crescent Menai NSW 2234 Australia Ph: +612 9543-0060	25/06/2009
103	Donut King Merrylands Stockland K110	Kiosk K110 Stockland Merrylands McFarlane Street Merrylands NSW 2160 Australia Ph: +612 9621-1448	30/09/2012
104	Donut King Mid Valley Shop 90	Shop 90 Mid Valley Shopping Centre Princes Highway Morwell VIC 3480 Australia Ph: +613 5133-8485	29/10/2002
105	Donut King Midland Gate	Shop KK014 Midland Gate Shopping Centre Brockman Road Midland WA 6056 Australia Ph: +618 9250-5950	29/08/2006
106	Donut King Minto Marketplace	Shop 43 Minto Marketplace Brookefield Road Minto NSW 2566 Australia Ph: +612 8795-0001	12/12/2013
107	Donut King Miranda	Kiosk K212/4 Westfield Miranda 600 The Kingsway Miranda NSW 2228 Australia Ph: +612 9524-5941	8/05/2017

	Store	Store Address	Established DD/MM/YYYY
108	Donut King Morayfield	Kiosk 4 Morayfield Shopping Centre 171 Morayfield Road Morayfield QLD 4506 Australia Ph: +617 5499-4294	14/04/1997
109	Donut King Mt Druitt S128	Shop 128 Westfield Shopping Centre Cnr Carlisle Avenue & Luxford Road Mt. Druitt NSW 2770 Australia Ph:: +612 9625-7844	12/10/1995
110	Donut King Mt Druitt W/F K42	Kiosk K42 Westfield Shoppingtown Cnr Carlisle Avenue & Luxford Road Mt Druitt NSW 2770 Australia Ph: +612 9625-2060	30/06/2005
111	Donut King Mt Gambier	Shop 13 Mount Gambier Marketplace 182-248 Penola Road Mount Gambier SA 5290 Australia Ph: +618 8723-2699	26/09/2012
112	Donut King Mt Isa	Shop 17 Kmart Plaza Simpson Street Mount Isa QLD 4825 Australia Ph: +617 4743-1226	30/06/2008
113	Donut King Mt Sheridan	Kiosk 3 Mt Sheridan Plaza 106 Barnard Drive Mt Sheridan QLD 4868 Australia Ph: +617 4036-1131	5/09/2012
114	Donut King Munno Para	Shop 63 Munno Para Shopping Centre 600 Main North Road Smithfield SA 5114 Australia Ph: +618 8254-2096	16/08/2004
115	Donut King Nambour Plaza K4	Kiosk K4 Nambour Plaza Ann Street Nambour QLD 4560 Australia Ph: +617 5476-4557	1/06/2004
116	Donut King Narellan Town Centre	Kiosk 2 Narellan Town Centre Cnr. Elyard & Somerset Street Narallen NSW 2567 Australia Ph: +612 4647-4700	5/11/1995

	Store	Store Address	Established DD/MM/YYYY
117	Donut King Nepean	Shop 49 Centro Nepean Shopping Centre Cnr Station & Woodriff Streets Penrith NSW 2750 Australia Ph: +612 4721-8808	7/08/2008
118	Donut King Noosa Civic	Kiosk K1001 Noosa Civic Shopping Centre Cnr Eenie Creek Rd & Walter Hay Drive Noosaville QLD 4566 Australia Ph: +617 5449-7558	12/10/2006
119	Donut King North Lakes Food Court	Shop F11 Westfield North Lakes Cnr Anzac Avenue & North Lakes Drive Mango Hill QLD 4509 Australia Ph: +617 3482-3391	25/10/2007
120	Donut King North Lakes K2B	Kiosk K2B Westfield North Lakes Cnr Anzac Ave & North Lakes Dr Mango Hill QLD 4509 Australia Ph: +617 3491-8220	7/08/2003
121	Donut King North Rocks	Shop 9 Westfield Shoppingtown 328-336 North Rocks Road North Rocks NSW 2151 Australia Ph: +612 9873-3185	31/10/1997
122	Donut King Northcote Plaza Express	Kiosk 5 Northcote Plaza Cnr Separation & High Streets Northcote VIC 3070 Australia Ph: +613 9481-0500	11/01/2000
123	Donut King Northlakes San Remo	Shop 8 Northlakes Shopping Centre 17-21 Pacific Highway San Remo NSW 2262 Australia Ph: +612 4399-3752	17/07/2012
124	Donut King Northland	Kiosk KK19 Northland Shopping Centre Murray Road Preston VIC 3072 Australia Ph: +613 9471-0775	26/09/1985
125	Donut King Ocean Grove	Shop 9B Ocean Grove Marketplace Cnr Shell Road & Kingston Downs Drive Ocean Grove VIC 3226 Australia Ph: +613 5256-3827	1/12/2006
126	Donut King Ocean Keys Shop 175	Shop 175 Ocean Keys Shopping Centre 36 Ocean Keys Blvd Clarkson WA 6030	20/03/2014

	Store	Store Address	Established DD/MM/YYYY
		Australia Ph: +618 9408-6726	
127	Donut King Oran Park	Shop 4D Oran Park Town Centre Oran Park Drive Oran Park NSW 2570 Australia Ph: +61405 642 235	27/09/2014
128	Donut King Orange City Centre	Shop 19 Orange City Centre Cnr. Anson & Kite Streets Orange NSW 2800 Australia Ph: +612 6361-3663	10/12/1986
129	Donut King Pacific Fair	Kiosk K22 Pacific Fair Shopping Centre Hooker Blvd Gold Coast 4218 Australia Ph: +61800 067 619	14/05/2016
130	Donut King Pakenham Marketplace	K002 Pakenham Marketplace Cnr Henry & John Streets Pakenham VIC 3810 Australia Ph: +613 5940-4030	1/12/2011
131	Donut King Park Beach Plaza	Shop 17 Park Beach Plaza Pacific Highway Coffs Harbour NSW 2450 Australia Ph: +612 6652-8475	17/11/2001
132	Donut King Parkmore	Shop L01 K27 Parkmore Shopping Centre 317 Cheltenham Road Keysborough VIC 3173 Australia Ph: +613 9798-3968	17/12/2007
133	Donut King Peninsula Fair	Kiosk 1 Peninsula Fair Shopping Centre 272 Anzac Avenue Kippa Ring QLD 4021 Australia Ph: +617 3284-5650	28/04/1996
134	Donut King Penrith Plaza W/F K32	Shop K32 Westfield Penrith 585 High Street Penrith NSW 2751 Australia Ph: +612 4732-6700	13/12/2006
135	Donut King Raymond Terrace	Shop 30 Raymond Terrace Marketplace 9 William Street Raymond Terrace NSW 2324	11/04/2016

	Store	Store Address	Established DD/MM/YYYY
		Australia Ph: +612 4983-1448	
136	Donut King Redbank Plaza	Shop K3.18, Redbank Plaza, 1 Collingwood Drive, Redbank, QLD 4301. Australia Ph:+617 3381 5127	29/05/2017
137	Donut King Rhodes	Kiosk K03b Rhodes Shopping Centre 1 Rider Boulevard Rhodes NSW 2127 Australia Ph: +612 8757-3282	9/08/2010
138	Donut King Richmond Marketplace	Shop 8 Richmond Marketplace March Avenue Richmond NSW 2753 Australia Ph: +612 4578-4060	5/05/1997
139	Donut King Riverton	Kiosk 4 Stockland Riverton Cnr High Rd & Willeri Drive Riverton WA 6148 Australia Ph: +618 9259-5005	20/12/2010
140	Donut King Robina Town Centre	Shop BDK3 Robina Town Centre Robina Town Centre Drive Robina QLD 4230 Australia Ph: +617 5593-2744	21/06/2002
141	Donut King Rockhampton Stockland	Shop K04 Stockland Rockhampton Cnr Yamba Road & Bruce Hwy Rockhampton QLD 4701 Australia Ph: +617 4921-1560	13/08/2009
142	Donut King Rose City	Shop 12 Rose City Shopping World Grafton Street Warwick QLD 4370 Australia Ph: +617 4667-0500	15/09/1997
143	Donut King Rosebud	Shop K001 Port Philip Plaza Boneo Road Rosebud VIC 3939 Australia Ph: +613 5982-0997	2/11/2006
144	Donut King Roselands	FC014 Centro Roselands Roselands Drive Roselands NSW 2196 Australia Ph: +612 9758-0885	25/06/2009
145	Donut King Rouse Hill GRK8	Shop GRK8 Rouse Hill Town Centre Cnr Commercial & Windsor Rds Rouse Hill NSW 2155 Australia Ph: +612 8883-1210	4/04/2008
146	Donut King Runaway Bay	Shop 41 Runaway Bay Shopping Centre Cnr. Lae Drive & Morala Avenue Runaway Bay QLD 4216	30/10/1995

	Store	Store Address	Established DD/MM/YYYY
147	Donut King Salamander S/C 563	Shop 63 Salamander Bay Shopping Centre 2 Town Centre Circuit Salamander Bay NSW 2317 Australia Ph: +612 4984-6999	15/10/2003
148	Donut King Settlement City	Kiosk 3 Settlement City Shopping Centre Cnr. Bay & Park Streets Port Macquarie NSW 2444 Australia Ph: +612 6584-3855	9/03/1995
149	Donut King Seven Hills (formerly The Hills)	Shop 9 Seven Hills Shopping Plaza 224 Prospect Highway Seven Hills NSW 2147 Australia Ph: +612 9832-7066	28/07/1988
150	Donut King Shoppersmart	Kiosk 7 Shoppersmart Centre 1 Zoe Place Mt Druitt NSW 2770 Australia Ph: +612 9625-2824	16/01/2003
151	Donut King Shoreline	Shop 5 Shoreline Plaza 6 Shoreline Drive, Howrah Tasmania 7018 Australia Ph: +613 6247-6000	9/12/2017
152	Donut King Singleton	Kiosk 1 Gowrie Street Mall 1 Gowrie Street Singleton NSW 2330 Australia Ph: +612 6571-5024	29/06/2013
153	Donut King Smithfield Centre R00 - 145	Shop R00-145 Smithfield Shopping Centre Cnr Captain Cook and Kennedy Highways Smithfield QLD 4878 Australia	04/06/2021
154	Donut King South Hedland	Kiosk 1 South Hedland Shopping Centre Throssell Road South Hedland WA 6722 Australia Ph: +618 9172-1001	26/08/2013
155	Donut King Southgate Sylvania	Kiosk K3 Southgate Sylvania 124 Princes Highway Sylvania NSW 2224 Australia Ph: +612 9522-5580	16/08/2011
156	Donut King Southland W/F K130	Kiosk K130 Westfield Southland Nepean Highway Cheltenham VIC 3192 Australia Ph: +613 9584-1655	26/08/1999
157	Donut King Southlands Penrith	Shop K1 Southlands Shopping Centre Maxwell Street South Penrith NSW 2750 Australia Ph: +612 4721-5557	3/12/2009
158	Donut King South Point Tuggeranong (formerly Hyperdome) K605	Shop K0005 South.Point Tuggeranong Shopping Centre Anketell Street Tuggeranong ACT 2900 Australia Ph: (02) 6293-4119	20/12/2006

159	Donut King Springfield Orion	Kiosk 4 Forest Lake Shopping Centre 235 Forest Lake Boulevard Forest Lake QLD 4078 Australia Ph: +617 3470-5472	15/03/2007
160	Donut King St Marys Village Kiosk 8	Kiosk 8 St Marys Village Charles Hackett Drive St Marys NSW 2760 Australia Ph: +612 9623-6888	15/04/2014
161	Donut King Stanhope Village	Kiosk 4 Stanhope Gardens Village Centre 2 Sentry Drive Stanhope NSW 2768 Australia Ph: +612 9836-2287	22/03/2007
162	Donut King Stockland Batemans Bay	Shop G4 Stockland Batemans Bay 8 North Street Batemans Bay NSW 2536 Australia Ph: +617 4472-3015	28/08/2004
163	Donut King Stockland Green Hills K04	Shop K04 Stockland Green Hills 1 Molly Morgan Drive East Maitland NSW 2323 Australia Ph: +612 4933-6922	11/10/2002
164	Donut King Stockland Townsville	Shop K35 Stockland Townsville 310 Ross River Road Aitkenvale QLD 4814 Australia Ph: +617 4775-1733	13/10/2012
165	Donut King Stockland Townsville T241	Shop 241 Stockland Townsville 310-334 Ross River Road Aitkenvale QLD 4814 Australia Ph: +617 4725-0478	2/12/2020
166	Donut King Strathpine W/F K13	Kiosk 13 Westfield Strathpine 295 Gympie Road Strathpine QLD 4500 Australia Ph: +617 3205-1924	1/02/1992
167	Donut King Stud Park	Shop 6A Stud Park Shopping Centre Cnr Fulham and Stud Road Rowville VIC 3178 Australia Ph: +613 9763-5933	19/06/1989
168	Donut King Sturt Mall	Shop 11 Sturt Mall 135 Baylis Street Wagga Wagga NSW 2650 Australia Ph: +612 6971-7111	21/10/2002
169	Donut King Sugarland	Kiosk 3 Sugarland Shopping Centre Takalvan Street Bundaberg QLD 4670 Australia Ph: +617 4154-4411	21/01/1999
170	Donut King Sunbury Square	Kiosk 7 Sunbury Square Shopping Centre 2-28 Evans Street Sunbury VIC 3429 Australia Ph: +613 8746-8807	2/06/2010

	Store	Store Address	Established DD/MM/YYYY
171	Donut King Sunland	Shop 13 Stockland Shopping Centre Bowman Road Caloundra QLD 4551	22/03/1986
172	Donut King Sunshine Marketplace	Kiosk K4 Sunshine Marketplace 80 Harvester Road Sunshine VIC 3020 Australia Ph: +613 9311-0755	26/10/1998
173	Donut King Sunshine Plaza	Shop No GD107A Sunshine Plaza Horton Parade Maroochydore QLD 4558 Australia Ph: +617 5443-7411	19/09/1997
174	Donut King Taigum Square	Shop SP024 Taigum Square Cnr Beams Rd & Church St Taigum QLD 4018 Australia Ph: +617 3633-0713	20/12/2016
175	Donut King Tamworth Centrepoint	Shop 25 Centrepoint Tamworth 374 Peel Street Tamworth NSW 2340 Australia Ph: +612 6766 2661	2/12/2008
176	Donut King Tamworth Shopping World	K2 Tamworth Shopping World Denne Street Tamworth NSW 2340 Australia Ph: +612 6762-2451	23/11/1987
177	Donut King Taree	Kiosk 3 Taree City Shopping Centre Cnr Albert & Manning Streets Taree NSW 2430 Australia Ph: +612 6551-6261	14/04/1997
178	Donut King Tarneit Central	Kiosk 6 Tarneit Central Shopping Centre 540 Derrimut Road Tarneit VIC 3029 Australia Ph: +612 8755 1767	4/10/2017
179	Donut King Tea Tree Plaza	Kiosk 18 Westfield Tea Tree Plaza 976 Northeast Road Modbury SA 5092 Australia Ph: +618 8396-4837	4/02/1993
180	Donut King The Galleria K7	Shop K7 Centro Galleria Cnr. Collier & Walter Roads Moreley WA 6062 Australia Ph: +618 9275-9790	21/05/2012
181	Donut King The Hills	Shop 9 Centro Seven Hills Cnr Prospect Hwy & Federal Rd Seven Hills NSW 2147 Australia Ph: +612 9832-7066	28/07/1988
182	Donut King The Pines K13	Kiosk K13 The Pines Shopping Centre Cnr Blackburn & Reynolds Roads Doncaster East VIC 3109	22/12/2012

	Store	Store Address	Established DD/MM/YYYY
		Australia Ph: +613 9841-5237	
183	Donut King Toormina Centro	Shop K2 Centro Toormina 5 Toormina Road Toormina NSW 2452 Australia Ph: +612 6658-6068	19/11/2008
184	Donut King Toowoomba Kmart Plaza	Shop 19 Toowoomba Plaza Shopping Centre 878 Ruthven Street Toowoomba QLD 4350 Australia Ph: +617 4687-6542	31/05/2010
185	Donut King Top Ryde	Shop LG1-FCK204 Top Ryde City Cnr Blaxland Rd & Devlin St Ryde NSW 2112 Australia Ph: +612 9808-3089	14/12/2009
186	Donut King Townsville Centro	Shop K1 Centro Townsville Cnr Ross River Road & Nathan Street Townsville QLD 4810 Australia Ph: +617 4725-0478	9/06/2007
187	Donut King Traralgon Stockland	Shop 24 Stockland Traralgon Cnr Franklin St and Post Office Place Traralgon VIC 3844 Australia Ph: +613 5174-9044	11/11/1985
188	Donut King Tuggerah W/F 1108/1109	Shop 1108/1109 Westfield Tuggerah Foodcourt Cobbs Road Tuggerah NSW 2259 Australia Ph: +612 4353-4342	19/10/1995
189	Donut King Tuggerah W/F K202	Kiosk K202 Westfield Shoppingtown Cobbs Road Tuggerah NSW 2259 Australia Ph: +612 4353-4295	19/10/1995
190	Donut King Tuggeranong Hyperdome K605	Shop K605 Tuggeranong Hyperdome Anketell Street Greenway ACT 2900 Australia Ph: +612 6293-4119	20/12/2006
191	Donut King Tweed City	Kiosk K5 Tweed City Shopping Centre 54 Minjungbal Drive South Tweed Heads NSW 2486 Australia Ph: +617 5523-3399	30/09/1997
192	Donut King Valley Plaza	Shop 23 The Valley Plaza Wilson Road Green Valley NSW 2168 Australia Ph: +612 9826-8555	12/12/1995
193	Donut King Victoria Point	Kiosk 3 Victoria Point Shopping Centre Cnr Cleveland - Redland Bay & Bunker Roads Victoria Point QLD 4165	24/09/2001

	Store	Store Address	Established DD/MM/YYYY
		Australia Ph: +617 3820-7755	
194	Donut King Wallsend	Shop 8 Stockland Wallsend Cnr Cowper & Kokera Sts Wallsend NSW 2287 Australia Ph: +612 4951-8894	28/10/2010
195	Donut King Warner MarketPlace	Kiosk 2 Warner Marketplace Shopping Centre 353 Samsonvale Road Warner QLD 4500 Australia Ph: +617 3467 1891	17/07/2015
196	Donut King Warrawong W/F	Shop K12 Westfield Shoppingtown Cnr. King & Cowper Streets Warrawong NSW 2502 Australia Ph: +612 4274-5100	8/08/1996
197	Donut King Warriewood	K1007 Warriewood Square Jackson Road Warriewood NSW 2102 Australia	9/08/2018
198	Donut King Warringah Mall	Shop K6 Warringah Mall Cnr Old Pittwater & Condamine Sts Brookevale NSW 2100 Australia Ph: +612 9907-4788	13/12/1998
199	Donut King Waurm Ponds	Kiosk 5 Waurm Ponds Shopping Centre Cnr Princes Hwy & Pioneer Rd Waurm Ponds VIC 3216 Australia Ph: +613 5245-7655	23/08/2007
200	Donut King Wendouree Stockland	Kiosk 2 Stockland Wendouree Cnr Gillies and Norman Street Wendouree VIC 3355 Australia Ph: +613 5331-9055	16/12/2000
201	Donut King Werribee Plaza K35	Kiosk 35 Werribee Plaza Shopping Centre Cnr Derrimut & Heaths Roads Werribee VIC 3030 Australia Ph: +613 9749-0556	23/11/2002
203	Donut King West End Plaza	Kiosk 2 Centro Albury 487 Kiewa Street Albury NSW 2640 Australia Ph: +612 6021-1444	9/12/2000
204	Donut King Whitford City	Shop K26 Westfield Whitford City Cnr Marmion & Whitford Ave Hillarys WA 6025 Australia Ph: +618 9403-6957	9/12/2011
205	Donut King Willows	Kiosk 4 Willows Shopping Centre Cnr Thuringowa Dr & Hervey Range Rd Thuringowa Central QLD 4817	30/10/2009

	Store	Store Address	Established DD/MM/YYYY
		Australia Ph: +617 4723-4080	
206	Donut King Windsor Riverview	Shop 2 Windsor Riverview Shopping Centre 227 George Street Windsor NSW 2756 Australia Ph: +612 4587-7217	9/12/2006
207	Donut King Winmalee Village	Kiosk 2 Winmalee Village 32-44 Whitecross Road Winmalee NSW 2777 Australia Ph: +612 4754-5931	26/09/2005
208	Donut King Winston Hills	Shop 27 Winston Hills Mall 180- 190 Caroline Chisholm Drive Winston Hills NSW 2153 Australia Ph: +612 9674-7788	31/12/2008
209	Donut King Woden Plaza	Shop KL4 Westfield Woden Keltie Street Woden ACT 2606 Australia Ph: +612 6282-7044	24/06/1999
210	Donut King Wodonga Centro	Shop 39 Wodonga Centro 51-53 Elgin Street Wodonga VIC 3690 Australia Ph: +612 6056-1518	1/03/1988
211	Donut King Wodonga Mann Central	Shop 6 Mann Central Shopping Centre 1-13 South Street Wodonga VIC 3690 Australia Ph: +612 6024-7879	18/02/2021
212	Donut King Woodgrove	Kiosk K18 Woodgrove Shopping Centre 533-555 High Street Melton VIC 3337 Australia Ph: +613 9743-9340	11/01/1999
213	Donut King Wynnum Plaza K3	Kiosk 3 Wynnum Plaza 2021 Wynnum Road Wynnum West QLD 4178 Australia Ph: +617 3893-3377	4/02/1999
214	Donut King Yeppoon Central	Shop K1 Yeppoon Central Cnr Rockhampton Rd & Park Rd Yeppoon QLD 4703 Australia Ph: +617 4925-0023	3/03/2008

B. New Zealand

	Store	Store Address	Established
1.	Donut King Palmerston North	The Plaza 84 The Square Palmerston North 4410 New Zealand Ph: +64 6358 3850	17/08/2016
2.	Donut King Christchurch	The Palms Mall 20 Marshland Road Shirley, Christchurch 8061 New Zealand Ph: +64 3385 9621	10/05/2017
3.	Donut King Lower Hutt	Westfield Queensgate Level 1, Corner of Queens Drive Lower Hutt, Wellington 5011 New Zealand Ph: +64 4589 7181	03/02/2014
4.	Donut King Dunedin	Meridian Mall 285 George Street Dunedin 9058 New Zealand Ph: +64 2163 0152	22/10/2019
5.	Donut King Porirua	North City Mall 2 Titahi Bay Road Porirua 5022 New Zealand Ph: +64 4237 5569	14/05/2019

C. Indonesia

	Store	Store Address	Established
1.	Donut King Surabaya	Kepuh, Betro, Sedati, Sidoarjo Regency East Java 61253 Indonesia Ph: +62 812 3292 420	07/08/2019

EXHIBIT 10

FRANCHISEES WHO EXITED A U.S. OUTLET DURING FISCAL YEAR ENDING JULY 2, 2021

NONE

EXHIBIT 11

FINANCIAL STATEMENTS OF GUARANTOR RETAIL FOOD GROUP USA, INC.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT
JULY 2, 2021, JUNE 30, 2020, AND JUNE 30, 2019

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Retail Food Group USA, Inc. and subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Retail Food Group USA, Inc. and subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of July 2, 2021 and June 30, 2020, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years ended July 2, 2021, June 30, 2020, and June 30, 2019 and the related notes to the consolidated financial statements, (collectively, the "financial statements").

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Retail Food Group USA, Inc. and subsidiaries as of July 2, 2021 and June 30, 2020, and the results of their operations and their cash flows for the years ended July 2, 2021, June 30, 2020 and June 30, 2019 in accordance with the accounting principles generally accepted in the United States of America.

Singer Lewak LLP

December 6, 2021

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
July 2, 2021 and June 30, 2020

ASSETS	July 2, 2021	June 30, 2020
	<u> </u>	<u> </u>
Current assets		
Cash	\$ 372,828	\$ 228,418
Accounts receivable, net	186,989	176,493
Inventory	-	93,686
Due from related party	-	317,327
Prepaid expenses and other current assets	<u>51,745</u>	<u>-</u>
Total current assets	<u>611,562</u>	<u>815,924</u>
Property and equipment		
Computer software and equipment	18,289	172,661
Machinery and equipment	-	5,388
Leasehold improvements	-	27,431
Office furniture and fixtures	<u>-</u>	<u>10,693</u>
	18,289	216,173
Less accumulated depreciation and amortization	<u>1,018</u>	<u>198,308</u>
Total property and equipment	<u>17,271</u>	<u>17,865</u>
Other assets		
Accounts receivable – related party	588,788	734,638
Intangible assets, net of accumulated amortization of \$1,120,356 and \$1,120,356, respectively	-	-
Security deposits	<u>41,500</u>	<u>15,000</u>
Total other assets	<u>630,288</u>	<u>749,638</u>
Total assets	<u>\$ 1,259,121</u>	<u>\$ 1,583,427</u>

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
July 2, 2021 and June 30, 2020

LIABILITIES AND STOCKHOLDERS' EQUITY

	July 2, 2021	June 30, 2020
Current liabilities		
Accounts payable	\$ 43,469	\$ 85,061
Accrued expenses	511,531	558,259
Current portion of deferred franchise fees	-	85,500
Note payable – PPP loan	208,687	226,602
Total current liabilities	763,687	955,422
Accounts payable – related parties	64,973	257,200
Deferred franchise fees, net of current portion	113,000	-
Sublease security deposit	103,791	19,378
Lease security deposits from franchisees	19,789	41,060
Total liabilities	1,065,240	1,273,060
Commitments, contingencies, and related party transactions		
Stockholders' equity		
Common stock, \$0.001 par value		
10,000 shares authorized		
10,000 shares issued and outstanding	1,975,000	1,975,000
Additional paid-in capital	18,907,480	18,907,480
Accumulated deficit	(20,688,599)	(20,572,113)
Total stockholders' equity	193,881	310,367
Total liabilities and stockholders' equity	\$ 1,259,121	\$ 1,583,427

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended July 2, 2021, June 30, 2020, and June 30, 2019

	July 2, 2021	June 30, 2020	June 30, 2019
Revenues	\$ 1,888,617	\$ 2,356,669	\$ 2,320,961
Cost of revenues	<u>590,709</u>	<u>523,029</u>	<u>510,104</u>
Gross profit	1,297,908	1,833,640	1,810,857
Selling, general, and administrative expenses	<u>2,013,038</u>	<u>2,885,031</u>	<u>2,678,980</u>
Loss from operations	<u>(715,130)</u>	<u>(1,051,391)</u>	<u>(868,123)</u>
Financial income (expense)			
Gain on debt extinguishment – PPP loan	578,571	-	-
Loss on impairment of intangible assets	<u>-</u>	<u>-</u>	<u>(2,135,905)</u>
Total financial income (expense)	<u>578,571</u>	<u>-</u>	<u>(2,135,905)</u>
Loss before provision (benefit) for income taxes	(136,559)	(1,051,391)	(3,004,028)
Provision (benefit) for income taxes	<u>(20,073)</u>	<u>(13,224)</u>	<u>1,149,200</u>
Net loss	<u>\$ (116,486)</u>	<u>\$ (1,038,167)</u>	<u>\$ (4,153,228)</u>

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended July 2, 2021, June 30, 2020, and June 30, 2019

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Beginning balance at June 30, 2018	10,000	\$ 1,975,000	\$ 14,944,926	\$ (15,380,718)	\$ 3,563,970
Contributed capital	-	-	3,049,892	-	3,049,892
Net loss	-	-	-	(4,153,228)	(4,153,228)
Balance at June 30, 2019	10,000	1,975,000	17,994,818	(19,533,946)	435,872
Contributed capital	-	-	912,662	-	912,662
Net loss	-	-	-	(1,038,167)	(1,038,167)
Balance at June 30, 2020	10,000	1,975,000	18,907,480	(20,572,113)	310,367
Net loss	-	-	-	(116,486)	(116,486)
Balance at July 2, 2021	10,000	\$ 1,975,000	\$ 18,907,480	\$ (20,688,599)	\$ 193,881

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended July 2, 2021, June 30, 2020, and June 30, 2019

	July 2, 2021	June 30, 2020	June 30, 2019
Reconciliation of net loss to cash flows from operating activities			
Net loss	\$ (116,486)	\$ (1,038,167)	\$ (4,153,228)
Adjustments to reconcile net loss to net cash flows from operating activities			
Allowance for doubtful accounts	(270,514)	93,432	86,046
Depreciation and amortization of property and equipment	4,147	5,149	14,566
Loss on sale of property and equipment	9,736	-	-
Amortization of intangible assets	-	17,708	96,841
Gain on debt extinguishment – PPP loan	(226,602)	-	-
Impairment of intangible assets	-	-	2,135,905
Deferred income taxes	-	459,081	(748,400)
Change in valuation allowance on deferred tax assets	-	(459,081)	1,824,200
Changes in operating assets and liabilities			
Accounts receivable	260,018	(75,236)	8,260
Accounts receivable – related parties	1,594,541	1,979,659	183,085
Inventory	93,686	33,078	50,310
Due from related party	317,327	(263,513)	3,267
Prepaid expenses and other current assets	(51,745)	6,377	1,229
Security deposit	(26,500)	-	-
Accounts payable	(41,592)	(352,501)	99,522
Accounts payable – related parties	(1,640,918)	(536,029)	380,265
Accrued expenses	(46,728)	43,757	7,172
Deferred franchise fees	27,500	(87,500)	2,500
Sublease security deposit	84,413	-	19,378
Lease security deposits from franchisees	(21,271)	-	-
Net cash flows from operating activities	<u>(50,988)</u>	<u>(173,786)</u>	<u>10,918</u>
Cash flows from investing activities			
Proceeds from sale of property and equipment	5,000	3,601	-
Purchase of property and equipment	(18,289)	-	-
Net cash flows from investing activities	<u>(13,289)</u>	<u>3,601</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from PPP note payable	208,687	226,602	-
Net cash flows from financing activities	<u>208,687</u>	<u>226,602</u>	<u>-</u>
Net change in cash	<u>\$ 144,410</u>	<u>\$ 56,417</u>	<u>\$ 10,918</u>
Cash, beginning of year	<u>228,418</u>	<u>172,001</u>	<u>161,083</u>
Cash, end of year	<u>\$ 372,828</u>	<u>\$ 228,418</u>	<u>\$ 172,001</u>
Supplemental disclosures of cash flow information			
Taxes paid	<u>\$ 15,512</u>	<u>\$ 22,300</u>	<u>\$ 56,735</u>
Summary of noncash investing and financing activities			
Transfer of property and equipment to intangibles	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,500</u>
Conversion of related party payables to contributed capital	<u>\$ -</u>	<u>\$ 912,662</u>	<u>\$ 3,049,892</u>

See notes to consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BUSINESS ACTIVITIES

Retail Food Group USA, Inc. was incorporated in Delaware on August 10, 2008. Retail Food Group USA, Inc. and subsidiaries (collectively, the “Company”) is a specialty coffee franchise company that has the exclusive rights to Gloria Jean’s Coffees in the United States and It’s A Grind coffee brands globally. The Company provides support to its franchises in areas including interior design, inventory control, marketing techniques, employee training, and store operations. The Company grants franchise licenses to its franchisees throughout the United States and various international countries. The Company has 54 franchisees. There are no Company-owned stores.

The accompanying consolidated financial statements include the accounts of Retail Food Group USA, Inc. (RFG) and its wholly-owned subsidiaries Praise Operations Company, LLC, Gloria Jean’s Gourmet Coffees Corp., Gloria Jean’s Gourmet Coffees Franchising Corp., Praise North America IP LLC, Praise IAG Stores, LLC, Praise IAG Franchisor, LLC, and It’s A Grind Coffee, Inc., Praise U.S. Holdings Inc. (inactive), Praise Coffee, Inc. (inactive), Gloria Jean’s Inc. (inactive), Edglo Enterprises, Inc. (inactive), and Coffee Specialists, LLC (inactive) (collectively, the “Company”). The Company was acquired by Retail Food Group Limited (parent), a public company listed on the Australian Securities Exchange—franchisor and owner of numerous brands throughout the world.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated balance sheets include the accounts of Retail Food Group USA, Inc., Praise Operations Company, LLC, Gloria Jean’s Gourmet Coffees Corp., Gloria Jean’s Gourmet Coffees Franchising Corp., Praise North America IP LLC (inactive since inception), Praise IAG Stores, LLC, Praise IAG Franchisor, LLC, and It’s A Grind Coffee, Inc. All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

During the year ended July 2, 2021, the Company changed its fiscal year from ending June 30 to follow a 52-/53-week fiscal reporting calendar ending on the last Friday of June. A 52-week fiscal year consists of three 12-week quarters and one 16-week quarter; a 53-week fiscal year reports an extra week in the last quarter. The years ended July 2, 2021, June 30, 2020 and June 30, 2019 consisted of 53, 52, and 52 weeks, respectively.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the prior year's balances in order to conform to the current year's presentation. Such reclassifications or title changes had no effect on net income as previously reported.

Accounts Receivable

The Company's accounts receivable primarily represents franchise fees, royalties, rent, advertising, and other costs due from franchisees. Credit losses are provided for in the consolidated financial statements based on management's evaluation of historical and current industry trends. Receivables are generally due in 30 days. Although the Company expects to fully collect amounts due, actual collections may differ from estimated amounts. As of July 2, 2021 and June 30, 2020, the allowance for doubtful accounts amounted to \$38,114 and \$308,628, respectively.

Inventory

Inventory, consisting principally of coffee beans and drink components, is valued at the lower of cost (computed on the first-in, first-out method) or net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonable predictable costs of completion, disposal and transportation. As of July 2, 2021, June 30, 2020, and June 30, 2019, management determined a reserve was not required.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets as follows:

Computer software and equipment	3 years
Machinery and equipment	5 years
Leasehold improvements	Lesser of useful life or term of lease
Office furniture and fixtures	5 years

Maintenance and repair costs are expensed as they are incurred while renewals and improvements of a significant nature are capitalized. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected in the results of operations.

For the years ended July 2, 2021, June 30, 2020, and June 30, 2019, depreciation and amortization expense was \$4,147, \$5,149, and \$14,566, respectively.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets in question may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. For the years ended July 2, 2021, June 30, 2020, and June 30, 2019, an impairment loss of \$0, \$0, and \$2,135,905 has been recognized, respectfully. See Note 7 for additional detail on impairment.

Intangible Assets

Intangible assets with finite lives are stated at cost and amortized principally using the straight-line method over the estimated lives of the assets. Useful lives used in the computation of amortization are ten years for the internet domain names, three years for e-commerce customer lists, and one year for other intangible assets.

Intangible assets consisting of tradenames and trademarks with indefinite lives are stated at cost and are subsequently measured for any impairment losses.

PPP Loan

The Company accounts for forgivable debt (including PPP loans) in accordance with the debt model in U.S. GAAP. The outstanding balance is presented as debt until the Company is legally released from the obligation and, at the time of legal release, will report the forgiveness as debt extinguishment.

Franchise Operations – Gloria Jean's Coffees

The Company grants franchises to franchisees under franchise agreements for ten-year terms (and includes one option to extend the terms of the agreement for an additional ten years) to operate Gloria Jean's Coffees stores and kiosks in specific locations. Upon the signing of the Franchise Agreement, the Company receives a franchise fee, as specified in the Franchise Disclosure Document, for each franchise license granted. These payments are recognized as income when the store or kiosk opens.

Franchise Operations – It's A Grind

The Company grants franchises to franchisees under franchise agreements for ten-year terms (and includes one option to extend the terms of the agreement for an additional ten years) to operate It's A Grind stores, kiosks, and carts in specific locations. Upon the signing of the Franchise Agreement, the Company receives a franchise fee, as specified in the Franchise Disclosure Document, for each franchise license granted. These payments are recognized as income when the store, kiosk, or cart opens.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Franchised Locations – Open Restaurants (Three Year Summary)

	Year Ended		
	July 2, 2021	June 30, 2020	June 30, 2021
Open at beginning of year	72	75	74
Opened during the year	-	4	3
Terminated or closed during the year	(14)	(7)	(2)
Open at end of year	58	72	75

Deferred Franchise Fees

Deferred revenues represent the unearned initial franchise fees. As of July 2, 2021 and June 30, 2020, the current portion of deferred franchise fees amounted to \$0 and \$85,500, respectively. The long-term portion of deferred franchise fees of \$113,000 as of July 2, 2021 and \$0 as of June 30, 2020 is based on estimated due dates of the initial master franchise fee.

Lease Security Deposits from Franchisees

The Company accounts for lease security deposits collected from franchises, according to the lease agreements, as long-term liabilities. As of July 2, 2021 and June 30, 2020, the Company reported lease security deposits from franchisees of \$19,789 and \$41,060, respectively.

Revenue Recognition

Effective July 1, 2020, the Company adopted Financial Accounting Standards Board (FASB), Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method. Applying this standard to contracts that were not completed at the date of initial application was determined to have an insignificant impact on the Company's revenue recognition. The comparative financial information has not been restated and continues to be reported under the accounting standards in effect for that period.

Under ASC 606, the Company recognizes revenue when its customers obtain control of the promised good or services, typically through the grant or continued grant of the Retail Food Group USA license. The Company applies the following five-step: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

At contract inception, once the contract is determined to be within the scope of ASC 606, the Company identifies the performance obligations in the contract by assessing whether the goods or services promised within each contract are distinct. The Company then recognizes revenue for the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Company uses the practical expedient for private company franchisors in ASC 952-606-25-2 to simplify the identification of performance obligations under ASC 606.

Franchise Revenue

Franchise rights including the use of the Company's intellectual property may be granted through a master franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements also typically require certain, less significant, upfront franchise fees such as initial fees paid upon opening of a store, fees paid to renew the term of the franchise right and fees paid in the event the franchise agreement is transferred to another franchisee.

Upfront franchise fees are typically billed and paid when a new franchise or sub-franchise agreement becomes effective or when an existing agreement is transferred to another franchisee. The Company has determined that the services provided in exchange for upfront franchise fees, which primarily relate to pre-opening support, are individually distinct from the franchise right and the ongoing services provided to franchisees. As a result, upfront franchise fees are recognized when all material services have been performed. Revenues for these upfront franchise fees are recognized upon the opening of a store.

Advertising and Royalty Fee Revenues

In addition to the franchise fee, each of the franchise locations is required to remit to the Company a weekly royalty fee of 6% of adjusted gross revenue (as defined in the Franchise Agreement), and a weekly advertisement fee of 2% of adjusted gross revenue, or at rates determined by their individual agreements, and are recognized when earned during the reporting period. In compliance with the Franchise Agreement, the advertising fees mentioned above are used for advertising and promotion of the stores. These funds are segregated and are not used for marketing of the franchise. Franchise advertising fees collected and unused are recorded as a liability and held for future use.

Gift Cards

Revenues from the Company's store gift cards are recognized when presented for payment or upon redemption. Gift card income recognized upon redemption of the gift cards for the years ended July 2, 2021, June 30, 2020, and June 30, 2019, amounted to \$54,299, \$74,749, and \$99,906, respectively.

Outstanding gift card balances are included as accrued expenses on the Consolidated Balance Sheets. There are no expiration dates on the Company's gift cards, and the Company does not charge any service fees that cause a decrement to customer balance. While the Company will continue to honor all gift cards, management may determine the likelihood of redemption to be remote for certain gift cards and certificates due to, among other things, long periods of inactivity. In these circumstances, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws, gift cards may then be recognized in the Consolidated Statement of Operations. No gift card income was recognized for the years ended July 2, 2021, June 30, 2020, or June 30, 2019 on unused gift cards.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Ecommerce direct sales

Revenues from the sale of coffee beans and drink components are recognized as revenue upon shipment and the related costs are recognized as incurred. Due to the short nature of the performance obligation, the Company recognizes revenue and records the costs upon shipment of the products versus recognizing over time. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to the customer. Revenue is recorded based on the transaction price, which is fixed.

Income Taxes

The Company files a consolidated return for federal and state income taxes. Income taxes are provided on the liability method, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. A valuation allowance is provided for deferred assets in the event it is more likely than not that the Company will not realize tax assets through future operations.

Praise Operations Company, LLC, Praise IAG Stores, LLC, Praise IAG Franchisor, LLC, and Praise North America IP, LLC are pass-through entities that file on a stand-alone basis for both federal and state purposes. The pass-through entities are subject to a minimum tax of \$800 and LLC fees.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law and includes changes to the Internal Revenue Code for refundable payroll tax credits, deferment of employer payments for social security tax, net operating loss carryback periods, alternative minimum tax credits, net interest deduction limitations, and depreciation of certain leasehold improvements.

The Company recognizes the impact of tax positions in the financial statements if the positions are more likely than not to be sustained on an audit, based on the technical merits of the position. To date, the Company has not recorded any uncertain tax positions.

The Company recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended July 2, 2021, June 30, 2020, and June 30, 2019, the Company did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principles

Effective July 1, 2019, the Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The new standard no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Effective July 1, 2019, the Company adopted ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, using the retrospective transition method. The new standard provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows, with the objective of reducing existing diversity in practice with respect to these items. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Effective July 1, 2020, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, using the full retrospective method. The new standard supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to implement this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under previous U.S. GAAP. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The ASU was supposed to be effective for fiscal years beginning after December 15, 2020 as deferred in October 2019; however, in June 2020, the FASB voted to defer the effective date of ASU 2016-02 one additional year, making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The adoption of this standard will not have a material impact on the Company's consolidated financial statements.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years beginning after December 15, 2021. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

Other Accounting Standards Updates not effective until after July 2, 2021 are not expected to have a material effect on the Company's financial position or results of operations.

NOTE 3 – DISAGGREGATED REVENUES

For the years ended July 2, 2021 and June 30, 2020, revenues consisted of the following:

	July 2, 2021	June 30, 2020
Advertising and royalty fee revenues	\$ 841,972	\$ 1,278,714
Ecommerce direct sales	727,691	726,843
Franchise revenues	-	107,650
Other income	318,954	249,462
Total revenues	\$ 1,888,617	\$ 2,362,669

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – GOING CONCERN CONSIDERATIONS

The Company considered the conditions and events that could raise substantial doubt about its ability to continue as a going concern for a reasonable period of time, including the current financial condition and liquidity sources (such as, current funds, working capital, forecasted cash flows, and the liabilities due before October 31, 2022). Although the Company has outstanding debt and management believes the Company could meet its future obligations, continued losses and lack of working capital would require it to substantially constrain operating activities. In order to sustain the Company's operating activities, its parent company has committed to providing all necessary financial support so the Company can continue as a going concern for a reasonable period of time.

NOTE 5 – RISKS AND UNCERTAINTIES

Concentrations of Credit Risk

Cash

The Company maintains its cash balances in a financial institution located in the United States. From time to time, deposits exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to \$250,000. As of July 2, 2021 and June 30, 2020, the Company had \$81,035 and \$0, respectively, in excess of the federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Customers

As of July 2, 2021, June 30, 2020, and June 30, 2019, one, one, and three customer(s) represented approximately 18%, 29%, and 34% of accounts receivable, respectively.

Suppliers

For the years ended July 2, 2021, June 30, 2020, and June 30, 2019, one, one, and one suppliers represented approximately 50%, 79%, and 65% of purchases, respectively. As of July 2, 2021, June 30, 2020, and June 30, 2019, one supplier represented approximately 0%, 63%, and 14% of accounts payable, respectively.

Uncertainties

The disruption resulting from the COVID-19 pandemic is currently expected to be temporary, but there is considerable uncertainty around the duration and the Company was negatively impacted due to supply chain disruption and mandated closures of certain franchisee locations. However, the related financial impact and duration cannot be reasonably estimated at this time.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – INVENTORY

As of July 2, 2021 and June 30, 2020, inventory consisted of the following:

	<u>July 2, 2021</u>	<u>June 30, 2020</u>
Roasted coffee	\$ -	\$ 43,614
Dairy and syrups	-	39,508
Bar supplies, condiments, tea, and bottled drinks	-	<u>10,564</u>
Total	<u>\$ -</u>	<u>\$ 93,686</u>

NOTE 7 – INTANGIBLE ASSETS

As of July 2, 2021 and June 30, 2020, identified intangible assets consisted of the following:

	<u>July 2, 2021</u>	<u>June 30, 2020</u>
Internet domain names	\$ 880,894	\$ 880,894
E-commerce customer lists	195,093	195,093
Other intangible assets	<u>44,369</u>	<u>44,369</u>
	1,120,356	1,120,356
Accumulated amortization	<u>(1,120,356)</u>	<u>(1,120,356)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

Amortization expense for the years ended July 2, 2021, June 30, 2020 and June 30, 2019 amounted to \$0, \$17,708, and \$96,841, respectively.

NOTE 8 – TRADE NAME AND TRADEMARK IMPAIRMENT

As a result of a decline in global consumer demand and continued, reduction in shopping mall traffic weakness in the macroeconomic environment, the Company concluded that sufficient indicators of impairment existed to require the performance of an assessment the indefinite-lived intangible assets as of June 30, 2019. Accordingly, the Company performed the first step of the impairment assessment for It's A Grind and Gloria Jean's by comparing the estimated fair value to its carrying amount and determined there was a potential impairment of trade names and trademarks as the carrying amount exceeded the estimated fair value. Therefore, the Company performed the second step of the assessment which compared the implied fair value of the trade names and trademarks to the book value. The implied fair value of trade names and trademarks is determined by allocating the estimated fair value to all of its assets and liabilities, including both recognized and unrecognized intangibles, in the same manner as trade names and trademarks was determined in the original business combination.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – TRADE NAME AND TRADEMARK IMPAIRMENT (Continued)

The Company measured the fair value by using the fair value implied by the income approach and based on a discounted cash flow analysis. The assessments of the Company resulted in the recognition of impairment charges of \$2,135,905 during the year ended June 30, 2019. A deferred tax benefit of \$448,500 was recognized as a result of the trademark impairment charge for the year ended June 30, 2019.

NOTE 9 – ACCRUED EXPENSES

As of July 2, 2021 and June 30, 2020, accrued expenses consisted of the following:

	<u>July 2, 2021</u>	<u>June 30, 2020</u>
Accrued expenses	\$ 262,268	\$ 268,606
Accrued gift card liability	199,379	221,742
Accrued payroll and related benefits	<u>49,884</u>	<u>67,911</u>
Total accrued expenses	<u>\$ 511,531</u>	<u>\$ 558,259</u>

NOTE 10 – NOTE PAYABLE – PPP LOAN

The Company signed a promissory note of \$226,602 for a PPP loan and, in accordance with the CARES Act, the Company will use the PPP loan proceeds for eligible costs that should result in full or partial forgiveness of the PPP loan. The PPP loan bears interest at 1.0% and will mature on April 18, 2022. On February 19, 2021, the Company received forgiveness of the entirety of loan proceeds including accrued interest. The amount is presented as a gain on debt extinguishment in the consolidated statement of operations.

On February 23, 2021, the Company was informed by a bank that the U.S. Small Business Administration (SBA) approved the Company's request for a loan under the SBA's Paycheck Protection Program (PPP) as authorized under the CARES Act. The Company signed a promissory note of \$208,687 for a PPP loan and, in accordance with the CARES Act, the Company will use the PPP loan proceeds for eligible costs that should result in full or partial forgiveness of the PPP loan. The PPP loan bears interest at 1.0% and will mature on February 23, 2026.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – INCOME TAXES

For the years ended July 2, 2021, June 30, 2020, and June 30, 2019, the provision for income taxes consisted of the following:

	July 2, 2021	June 30, 2020	June 30, 2019
Current			
Federal	\$ -	\$ -	\$ -
State	(20,073)	(13,224)	18,650
Total current	(20,073)	(13,224)	18,650
Deferred			
Federal	-	-	(564,800)
State	-	-	(183,600)
Total deferred	-	-	(748,400)
Prior year under accrual	-	-	54,750
Change in valuation allowance	-	-	1,824,200
Total provision (benefit) for income taxes	\$ (20,073)	\$ (13,224)	\$ 1,149,200

As of July 2, 2021 and June 30, 2020, significant components of the Company's deferred tax assets for estimated federal and state income taxes consisted of the following:

Deferred tax assets

	July 2, 2021	June 30, 2020
Net operating loss	\$ 971,758	\$ 512,024
Accrued vacation	4,261	8,320
PPP note payable	-	47,703
Accrued royalties	-	425,654
Accrued professional fees	9,190	29,169
Allowance for doubtful accounts	10,008	81,839
Impairment of intangible assets	171,264	230,120
Deferred revenue	19,825	20,683
Depreciation of property and equipment	27	2,689
State taxes	(11,885)	6,917
	<u>1,174,448</u>	<u>1,365,119</u>
Less valuation allowance	<u>1,174,448</u>	<u>1,365,119</u>
Total deferred tax assets	\$ -	\$ -

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – INCOME TAXES (Continued)

Income tax expense for the years ended July 2, 2021, June 30, 2020, and June 30, 2019 differed from the amounts computed by applying the U.S. federal income tax rate of 21% to pretax income as a result of nondeductible expenses and California Limited Liability Company annual tax and filing fees.

The Company intends to maintain a valuation allowance for the net operating loss carryforwards until sufficient evidence exists to support the reversal of the valuation allowance. The Company has recorded a valuation allowance against their deferred tax assets as of July 2, 2021. The Company file income tax returns in federal and most state jurisdictions and are subject to routine examinations by the respective taxing authorities.

As of July 2, 2021, the Company had federal net operating loss carryforwards of approximately \$3,172,941 and state operating losses of \$3,739,908. The federal and state net operating losses will expire beginning in 2036, if not utilized.

As of July 2, 2021, there are no accrued penalties or interest related to income tax positions for federal and state purposes. The Company records these items in income tax expense.

NOTE 12 – COMMITMENTS, CONTINGENCIES, AND RELATED PARTY TRANSACTIONS

Operating Leases with Non-related Third Parties

The Company leases office equipment and storage space on a month-to-month basis, with monthly payments of ranging from \$275 to \$1,253. For the years ended July 2, 2021, June 30, 2020, and June 30, 2019, rent expense amounted to \$14,162, \$15,032, and \$17,660, respectively.

The Company leases office space, with monthly payments of \$11,500, through May 2022. For the years ended July 2, 2021, June 30, 2020, and June 30, 2019, rent expense amounted to \$54,272, \$0, and \$0, respectively.

Related Party Transactions

Operating Leases—Lessee

The Company shares office space with a related party under a month-to-month operating lease. The lease requires monthly base payments of \$4,438 and shared CAM charge and tax. Rent expense for the years ended July 2, 2021, June 30, 2020, and June 30, 2019, amounted to \$39,944, \$54,841, and \$54,841, respectively.

Accounts Receivable—Related Party

At July 2, 2021 and June 30, 2020, accounts receivable—related party amounted to \$588,788 and \$734,638, respectively.

RETAIL FOOD GROUP USA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 – COMMITMENTS, CONTINGENCIES, AND RELATED PARTY TRANSACTIONS (Continued)

Related Party Transactions (Continued)

Accounts Payable—Related Parties

At July 2, 2021 and June 30, 2020, accounts payable—related parties amounted to \$64,973 and \$257,200, respectively.

Management Fees

The Company received management services from its parent company during the years ended July 2, 2021, June 30, 2020, and June 30, 2019, aggregating to \$21,000, \$6,000, and \$19,000, respectively. The Company received full forgiveness of the total amount of management fees from the Parent Company during the year ended July 2, 2021.

Royalty Fees

The Company compensates its parent company for rights to use certain intellectual property during the years ended July 2, 2021, June 30, 2020, and June 30, 2019, aggregating to \$330,969, \$467,768, and \$730,506, respectively. The Company received full forgiveness of the total amount of royalty fees from the Parent Company during the year ended July 2, 2021.

Litigation

The Company, from time to time, is involved in certain legal matters which arise in the normal course of business. Management believes, based in part on advice of legal counsel, that the resolution of such matters will not have a material adverse effect on the consolidated financial position of the Company.

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated all activity through December 6, 2021, (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to consolidated financial statements.

UNAUDITED FINANCIAL STATEMENTS

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

Retail Food Group USA, Inc & Subsidiaries

As at November 30, 2021

Balance Sheet	
10030 Fixed Assets	14,862
21000 Inventory	28,380
23000 Accounts Receivable	148,794
23500 Other Receivables	59,714
29000 Liquid Assets	404,787
29600 Intercompany Accounts	527,153
Total Assets	1,183,690
50155 Paycheck Protection Loan	208,687
53500 Unearned Income	80,000
54000 Accounts Payable	52,706
55000 Accruals	114,469
56000 Provisions & Clearing	20,244
56950 Gift Voucher	195,680
56980 Security Deposits Paid	123,580
57000 Sales & Withholding Taxes Payable	98,133
31100 Share Capital	20,882,480
31000 Current Income/(Loss)	96,310
31200 Retained Earnings	(20,688,599)
Total Liabilities & Equity	1,183,690

Income Statement	
61000 Revenue	1,005,322
71000 Cost of Goods Sold	264,845
Gross Profit	740,477
81100 Salaries & Wages	279,457
82500 Franchising Expenses	14,437
83000 Financing & Insurance Expenses	84,139
83500 Property Expenses	38,675
84000 Computer & Comms Expenses	31,706
85000 Legal & Licensing Expenses	30,649
85500 Marketing Expenses	117,312
86000 Travel & Accom Expenses	32,233
EBITDA	111,869
88000 Depn & Amortisation	2,409
Profit/(Loss) Before Tax	109,460
95150 Income Taxes - State/Local	13,150
Profit/(Loss) After Tax	96,310

EXHIBIT 12

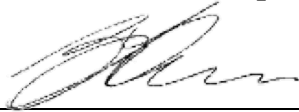
GUARANTEE OF PERFORMANCE FROM RETAIL FOOD GROUP USA, INC.

GUARANTEE OF PERFORMANCE

For value received, Retail Food Group USA, Inc., a Delaware corporation (the “**Guarantor**”), located at Convene, Floor 8, Suite 803, 333 N. Green St., Chicago, Illinois 60607, absolutely and unconditionally guarantees to assume the duties and obligations of Donut King Systems, LLC, located at 333 N. Green St., Suite 803, Chicago, Illinois 60607 (the “**Franchisor**”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document issued December 6, 2021, 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, which ever occurs first. 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 executes this guarantee at Chicago,
Illinois, on the day of December 6, 2021.

Guarantor: Retail Food Group USA, Inc.

By: 

Name: Grant Fischer

Title: General Manager - International

EXHIBIT 13

STATE-SPECIFIC ADDENDA

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

The following additional disclosures for the Franchise Disclosure Document of DONUT KING SYSTEMS, LLC are required by various state franchise laws. Each provision of these additional requirements will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

1. Neither the Franchisor nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A., 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. California Corporations Code, Section 31125 requires the Franchisor to give the Franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

3. Our Resource Locator (“URL”) address is www.donutking.com. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

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

5. 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.

6. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement and Area Development Agreement contain a covenant not to compete that extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

8. The Franchise Agreement and Area Development Agreement require that you sign a general release if you transfer your franchise or area development rights. California Corporations Code Section 31512 provides that any condition, stipulation or provision is void that purports to bind any person acquiring a franchise to waive compliance with any provision of that law, or any rule or order thereunder.

9. **Item 5, Additional Disclosure.**

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

ILLINOIS

1. **Item 5, Additional Disclosures:**

All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.

2. **Item 17, Additional Disclosures:** The "Summary" section of Item 17(v) of the Franchise Agreement table, entitled **Choice of forum**, is deleted and replaced with the following:

Litigation in court of general jurisdiction closest to our principal place of business (currently Chicago, Illinois), except any provision in the Franchise Agreement that designates jurisdiction or venue outside of the State of Illinois is void under Sections 4 and 41 of the current Illinois Franchise Disclosure Act, provided that the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois.

3. **Item 17, Additional Disclosures:** The "Summary" section of Item 17(v) of the Area Development Agreement table, entitled **Choice of forum**, is deleted and replaced with the following:

Any action will be brought in the appropriate state or federal court nearest to our then current principal place of business (currently Chicago, Illinois), except any provision in the Area Development Agreement that designates jurisdiction or venue outside of the State of Illinois is void under Sections 4 and 41 of the current Illinois Franchise Disclosure Act, provided that the Area Development Agreement may provide for arbitration in a forum outside of the State of Illinois.

4. **Item 17, Additional Disclosures:** The "Summary" section of Item 17(w) of the Franchise Agreement and Area Development Agreement tables, entitled **Choice of law**, is deleted and replaced with the following: "Illinois law applies."

MICHIGAN

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

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

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

- 2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- 3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- 4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions regarding this notice should be direct to:

State of Michigan, Consumer Protection Division,
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, MI 48933
(517) 373-1160

Note: Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.

MINNESOTA

1. **Renewal, Termination, Transfer and Dispute Resolution.** The following is added at the end of the Item 17 tables for the Franchise Agreement and the Area Development Agreement:

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 for non-renewal of the Franchise Agreement and/or Area Development Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement and/or Area Development Agreement shall in any way abrogate or reduce any rights you have 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 or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Rule Part 2860.4400J prohibits a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement and/or Area Development Agreement to the extent the law allows.

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 1 OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, 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 disclosed in Item 3, with regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or an affiliate offering franchises under our principal trademark:

- A. There is no pending administrative, criminal, or civil action alleging: a felony; 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 or was a party to any material civil action involving the franchise relationship in the last fiscal year.
- B. 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 been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.
- C. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of 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 franchise as a real estate broker or sales agent.

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

Except as disclosed above, no person identified in Item 1, and no officer of franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this disclosure document have, during the 10 year period immediately preceding the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; 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 any foreign bankruptcy laws or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws during or within 1 year after that officer or general partner of ours held this position in the company or partnership.

4. The "Summary" sections of Item 17(c) of the Franchise Agreement table entitled **Requirements for franchisee to renew or extend** and Item 17(m) of the Franchise Agreement table and the Area Development Agreement table, entitled **Conditions for franchisor approval of transfer**, are amended by adding the following:

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

5. The following is added to the end of the "Summary" sections of Item 17(j) of the Franchise Agreement table and the Area Development Agreement table, entitled **Assignment of contract by franchisor**:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement and/or Area Development Agreement.

6. The following language is added to the end of the "Summary" sections of Item 17(v) of the Franchise Agreement table and the Area Development Agreement table, entitled **Choice of forum**:

; however, the choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

NEW YORK STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

1. **Item 5, Additional Disclosures:**

Based upon the franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

However, 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. The following is added to the end of the "Summary" sections of Item 17(r) of the Franchise Agreement table and the Area Development Agreement table, 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 will enforce the covenants to the maximum extent the law allows.

4. The following language is added to the end of the "Summary" sections of Item 17(u) of the Franchise Agreement table and the Area Development Agreement table, entitled **Dispute resolution by arbitration or mediation:**

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

5. The "Summary" section of Item 17(v) of the Franchise Agreement table, entitled **Choice of forum**, is deleted and replaced with the following:

Litigation in court of general jurisdiction closest to our principal place of business, 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.

6. The following language is added to the end of the "Summary" section of Item 17(v) of the Area Development Agreement table, entitled **Choice of forum:**

, 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) of the Franchise Agreement table, 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 where the Store is located will apply.

8. The following language is added to the end of the “Summary” section of Item 17(w) of the Area Development Agreement table, entitled **Choice of law**:

and except as otherwise required by North Dakota law.

RHODE ISLAND

1. The following language 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** of the Franchise Agreement table and the Area Development Agreement table:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement or area development 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.”

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

**RIDER TO THE DONUT KING SYSTEMS, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider is made and entered into by and between Donut King Systems, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ (“FRANCHISEE”) whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of Illinois and/or (b) FRANCHISEE will operate the STORE in Illinois and the offer or sale of the franchise for the STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Illinois.

2. **INITIAL FRANCHISE FEE.** Section 11 of the Agreement, under the heading “Initial Franchise Fee,” shall be amended by the addition of the following sentences, which shall be considered an integral part of the Agreement:

All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. The Illinois Attorney General’s Office imposed this deferral requirement due to franchisor’s financial condition.

3. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following language is added to the end of the second sentence of Section 16.C of the Franchise Agreement:

; provided, however, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

4. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 16.D of the Franchise Agreement:

However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/27.

5. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 16.B of the Franchise Agreement:

However, any provision in this Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 and Section 41 of the current Illinois Franchise Disclosure Act, provided that this Agreement may provide for arbitration in a forum outside the State of Illinois.

6. **CHOICE OF LAWS**. The following is added to the end of Sections 16(G) and Section 21 of the Franchise Agreement:

This Agreement shall be interpreted and construed under the laws of Illinois. Nothing in Section 16(G) or Section 21 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the State of Illinois to which it would not otherwise be subject.

7. **ACKNOWLEDGMENTS**. The following is added to the end of Section 28 of the Franchise Agreement:

However, nothing contained in this Section shall constitute a condition, stipulation or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

DONUT KING SYSTEMS, LLC

a Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

By: _____

Signature: _____

Name and Title

**RIDER TO THE DONUT KING SYSTEMS, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER made this _____ day of _____, by and between Donut King Systems, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ (“DEVELOPER”) whose principal address is _____.

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____, that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of Illinois and/or (b) the Development Area is located in Illinois and the offer or sale activity relating to the Area Development Agreement occurred in the State of Illinois.

2. **DEVELOPMENT FEE.** Section 2.1 of the Agreement, under the heading “Development Fee,” shall be amended by the addition of the following sentences, which shall be considered an integral part of the Agreement:

All development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens. The Illinois Attorney General’s Office imposed this deferral requirement due to franchisor’s financial condition.

3. **DISPUTE RESOLUTION.** The following language is added to Section 13.2 of the Area Development Agreement:

However, any provision in this Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 and Section 41 of the current Illinois Franchise Disclosure Act, provided that this Agreement may provide for arbitration in a forum outside the State of Illinois.

4. **LIMITATION OF CLAIMS.** The following language is added to Section 13.3 of the Area Development Agreement:

However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/27.

5. **JURY TRIAL.** The following language is added to Section 13.4 of the Area Development Agreement:

; provided, however, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 200.609.

6. **CHOICE OF LAWS.** The following language is added to Section 13.1 of the Area Development Agreement:

This Agreement shall be interpreted and construed under the laws of Illinois. Nothing in this Section 13.3 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the State of Illinois to which it would not otherwise be subject.

7. **ACKNOWLEDGMENTS**. The following is added to the end of the Area Development Agreement:

However, nothing contained in this Agreement shall constitute a condition, stipulation or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

DONUT KING SYSTEMS, LLC

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Address for Notices:

Address for Notices:

**RIDER TO THE DONUT KING SYSTEMS, LLC
FRANCHISE AGREEMENT
FOR USE IN INDIANA**

This Rider is made and entered into by and between Donut King Systems, LLC, a Delaware limited liability company ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE will operate the GJC STORE in Indiana and/or (b) the offer or sale of the franchise for the GJC STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Indiana.

2. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. If the Franchise Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Franchise Agreement.

4. This Rider will have effect only if the Franchise Agreement and/or the relationship between FRANCHISOR and FRANCHISEE satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Rider. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

DONUT KING SYSTEMS, LLC

A Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

**RIDER TO THE DONUT KING SYSTEMS, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider is made and entered into by and between Donut King Systems, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ (“FRANCHISEE”) whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE will operate the STORE in Minnesota and/or (b) the offer or sale of the franchise for the STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of Minnesota.

2. **RELEASES.** The following language is added to the end of the first paragraph of Section 2.E, the end of Section 2.F, the end of the first paragraph of Section 14.E, and the end the first paragraph of Section 15.F of the Franchise Agreement:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL OR TERMINATION OF FRANCHISE BY FRANCHISOR.** The following language is added to the end of Section 2.E and Section 13.B of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, FRANCHISOR will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **VENUE.** The following language is added to the end of Section 16.B of the Franchise Agreement:

Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of FRANCHISEE as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit FRANCHISOR from requiring litigation to be conducted outside Minnesota.

5. **WAIVER OF JURY TRIAL; LIMITATIONS ON CLAIMS.** If required by the Minnesota Franchises Law, Section 16.C and Section 16.D of the Franchise Agreement are deleted.

6. **PERIOD IN WHICH TO MAKE CLAIMS.** The following language is added to the end of Section 16.E of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

7. **ENTIRE AGREEMENT AND ACKNOWLEDGMENTS**. The following language is added at the end of Section 21 and Section 27 of the Franchise Agreement:

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

DONUT KING SYSTEMS, LLC

A Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

**RIDER TO THE DONUT KING SYSTEMS, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER made this _____ day of _____, by and between Donut King Systems, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ (“DEVELOPER”) whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Development Area is located in Minnesota and/or (b) the offer or sale activity relating to the Area Development Agreement occurred in the State of Minnesota.

2. **DEFAULT AND TERMINATION.** The following language is added to the end of Section 8 of the Area Development Agreement:

However, with respect to franchises governed by Minnesota law, FRANCHISOR will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

3. **RELEASES.** The following language is added to the end of Sections 3.3 and 7.3.5 of the Area Development Agreement:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **VENUE FOR LITIGATION.** The following language is added to the end of Section 13.2 of the Area Development Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit FRANCHISOR, except in certain specified cases, from requiring litigation to be conducted outside Minnesota.

5. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 13.3 of the Area Development Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** If required by the Minnesota Franchises Law, Sections 13.4 and 13.5 of the Area Development Agreement are deleted.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

DONUT KING SYSTEMS, LLC

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Address for Notices:

Address for Notices:

**RIDER TO THE DONUT KING SYSTEMS, LLC
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider is made and entered into by and between Donut King Systems, LLC, a Delaware limited liability company ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of New York and will operate the STORE in New York and/or (b) the offer or sale of the franchise for the STORE that FRANCHISEE will operate under the Franchise Agreement was made in the State of New York.

2. **RELEASES.** The following language is added to the end of the first paragraph of Section 2.E, the end of Section 2.F, the end of the first paragraph of Section 14.E, and the end the first paragraph of Section 15.F of the Franchise Agreement:

However, to the extent required by applicable law, all rights FRANCHISEE enjoys and any causes of action arising in FRANCHISEE's 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 is being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

3. **TERMINATION BY FRANCHISEE.** The following language is added to the end of the first paragraph of Section 13.A of the Franchise Agreement:

FRANCHISEE 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.

4. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 16.D of the Franchise Agreement:

This Section shall not be considered a waiver of any right conferred upon FRANCHISEE by Article 33 of the General Business Law of the State of New York.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

DONUT KING SYSTEMS, LLC

A Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

**RIDER TO THE DONUT KING SYSTEMS, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK**

THIS RIDER made this _____ day of _____, by and between Donut King Systems, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ (“DEVELOPER”) whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of New York and the Development Area is located in New York and/or (b) the offer or sale activity relating to the Area Development Agreement occurred in the State of New York.

2. **DEFAULT AND TERMINATION.** The following language is added to the end of Section 8 of the Area Development Agreement:

DEVELOPER 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.

3. **RELEASES.** The following language is added to the end of Sections 3.3 and 7.3.5 of the Area Development Agreement:

However, to the extent required by applicable law, all rights DEVELOPER enjoys and any causes of action arising in DEVELOPER’s 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 is being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

4. **ENFORCEMENT.** The following language is added to the end of Section 13 of the Area Development Agreement:

This Section shall not be considered a waiver of any right conferred upon DEVELOPER by Article 33 of the General Business Law of the State of New York.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

DONUT KING SYSTEMS, LLC

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Address for Notices:

Address for Notices:

**RIDER TO THE DONUT KING SYSTEMS, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is made and entered into by and between Donut King Systems, LLC, a Delaware limited liability company ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of North Dakota and the STORE that FRANCHISEE 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. **INITIAL FRANCHISE FEE.** Section 11 of the Agreement, under the heading "Initial Franchise Fee," shall be amended by the addition of the following sentences, which shall be considered an integral part of the Agreement:

Based upon the franchisor's financial condition, the North Dakota Securities Department 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.

3. **RELEASES.** The following language is added to the end of the second paragraph of Section 2.E, the end of Section 2.F, the end of the first paragraph of Section 14.D, and the end of the first paragraph of Section 15.D of the Franchise Agreement:

However, 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.

4. **COVENANT NOT TO COMPETE.** The following language is added to the end of Section 14.E of the Franchise Agreement:

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

5. **ARBITRATION.** Section 16.A of the Franchise Agreement is deleted in its entirety and replaced with the following:

A. ARBITRATION

EXCEPT FOR CONTROVERSIES, DISPUTES, OR CLAIMS RELATED TO OR BASED ON IMPROPER USE OF THE NAMES AND MARKS OR CONFIDENTIAL INFORMATION, ALL CONTROVERSIES, DISPUTES OR CLAIMS ARISING BETWEEN FRANCHISOR, ITS AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES AND ATTORNEYS (IN THEIR

REPRESENTATIVE CAPACITY) AND FRANCHISEE (AND ITS OWNERS AND GUARANTORS, IF APPLICABLE) ARISING OUT OF OR RELATED TO IN WHOLE OR IN PART: (1) THIS AGREEMENT OR ANY RELATED AGREEMENT; (2) THE RELATIONSHIP OF THE PARTIES HERETO; (3) THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENT, OR ANY PROVISION THEREOF; OR (4) ANY SPECIFICATION, STANDARD OR OPERATING PROCEDURE RELATING TO THE ESTABLISHMENT OR OPERATION OF THE STORE, SHALL BE SUBMITTED FOR BINDING ARBITRATION TO BE ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION; PROVIDED THAT FRANCHISOR AND ITS AFFILIATES SHALL HAVE THE RIGHT TO ENFORCE BY JUDICIAL PROCESS ANY RIGHTS IT MAY HAVE TO POSSESSION OF THE PREMISES OF THE STORE UNDER ANY SUBLEASE OR COLLATERAL ASSIGNMENT OF LEASE WITH FRANCHISEE. SUCH ARBITRATION PROCEEDING SHALL BE CONDUCTED BY A SINGLE ARBITRATOR APPROVED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES AT A FACILITY DETERMINED BY THE ARBITRATOR THAT IS LOCATED WITHIN FIFTY (50) MILES OF FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE THEN-CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION; 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 SITE TO WHICH FRANCHISOR AND FRANCHISEE MUTUALLY AGREE. JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION. THE PARTIES FURTHER AGREE THAT, IN CONNECTION WITH ANY SUCH ARBITRATION PROCEEDING, EACH SHALL 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 AS THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM WHICH IS NOT SUBMITTED OR FILED IN SUCH PROCEEDING SHALL BE FOREVER BARRED. THIS PROVISION SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING EXPIRATION OR TERMINATION OF THIS AGREEMENT. FRANCHISEE AND FRANCHISOR AGREE THAT ARBITRATION SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS AND THAT FRANCHISOR (AND/OR ITS AFFILIATE AND THEIR RESPECTIVE SHAREHOLDER, OFFICER, DIRECTORS, AGENTS, AND/OR EMPLOYEES) AND FRANCHISEE (AND/OR ITS OWNERS, GUARANTORS, AFFILIATES, AND/OR EMPLOYEES) SHALL BE THE ONLY PARTIES TO ANY ARBITRATION PROCEEDING DESCRIBED IN THIS SECTION AND THAT NO SUCH ARBITRATION PROCEEDING MAY BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, NOR SHALL ANY OTHER PERSON BE JOINED AS A PARTY TO SUCH ARBITRATION PROCEEDING.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Section 16.B of the Franchise Agreement is deleted.

7. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 16.C of the Franchise Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

8. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 16.D of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law and subject to FRANCHISEE's arbitration obligations, FRANCHISEE may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

9. **CHOICE OF LAWS**. Section 21 of the Franchise Agreement is deleted in its entirety and replaced with the following:

21. CHOICE OF LAWS

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 16.A shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and the federal common law relating to arbitration, this Agreement, and except as required by North Dakota law, the FRANCHISE and all other matters concerning FRANCHISEE and FRANCHISOR (and its affiliates) shall be governed by the internal laws of the state where the STORE is located (without reference to the choice of law and conflict of law rules of that state), except that the provisions of any law of that state regarding franchise disclosure, registration or relationship and the regulations thereunder shall not apply unless its jurisdictional requirements are met independently without reference to this Paragraph.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

DONUT KING SYSTEMS, LLC

A Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

**RIDER TO THE DONUT KING SYSTEMS, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS RIDER made this _____ day of _____, by and between Donut King Systems, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ (“DEVELOPER”) whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of North Dakota and the Development Area is located in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. **DEVELOPMENT FEE.** Section 2.1 of the Agreement, under the heading “Development Fee,” shall be amended by the addition of the following sentences, which shall be considered an integral part of the Agreement:

Based upon the franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. **RELEASES.** The following language is added to the end of Sections 3.3 and 7.3.5 of the Area Development Agreement:

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

4. **COVENANTS.** The following language is added to the end of Section 6.2 of the Area Development Agreement:

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

5. **LIMITATION OF CLAIMS.** The following language is added to the end of Section 13.3 of the Area Development Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Sections 13.4 and 13.5 of the Franchise Agreement are deleted.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

DONUT KING SYSTEMS, LLC

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Address for Notices:

Address for Notices:

**RIDER TO THE DONUT KING SYSTEMS, LLC
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider is made and entered into by and between Donut King Systems, LLC, a Delaware limited liability company ("FRANCHISOR"), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ ("FRANCHISEE") whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) FRANCHISEE is a resident of Rhode Island and the STORE that FRANCHISEE 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. **CONSENT TO JURISDICTION/CHOICE OF LAWS.** The following language is added to the end of Sections 16.D and 21 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."

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the date stated below.

FRANCHISOR

DONUT KING SYSTEMS, LLC

A Delaware limited liability company

By: _____
Signature

Name

Title

Date

FRANCHISEE(S) (INDIVIDUAL)

Name

Signature

Name

Signature

FRANCHISEE (Corp., LLC or Partnership)

Name

a/an _____ corporation

a/an _____ partnership

a/an _____ limited liability company

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

By: _____
Signature: _____

Name and Title

**RIDER TO THE DONUT KING SYSTEMS, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND**

THIS RIDER made this _____ day of _____, by and between Donut King Systems, LLC, a Delaware limited liability company (“FRANCHISOR”), with its principal office at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607, and _____ (“DEVELOPER”) whose principal address is _____

1. **BACKGROUND.** FRANCHISOR and DEVELOPER are parties to that certain Area Development Agreement dated _____ that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) DEVELOPER is a resident of Rhode Island and the Development Area is located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added to the end of Section 13 of the Area Development Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in an area development 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.”

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider in duplicate on the day and year first above written.

DONUT KING SYSTEMS, LLC

DEVELOPER: If a corporation, partnership, or limited liability company, print name of business entity on the line below

By: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

Address for Notices:

Address for Notices:

STATE EFFECTIVE DATES

The following states require that the 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 disclosure 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
Illinois	Pending
Indiana	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 1.

Issuance Date: **December 6, 2021**

The franchisor is Donut King Systems, LLC, at Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607 and Tel: (773) 270-2900. The franchise seller is Grant Fischer at the same address.

We authorize the respective state agencies identified on Exhibit 1 to receive service of process for us in the particular state.

I received a franchise disclosure document dated December 6, 2021 that included the following Exhibits:

Exhibit 1	List of State Administrators/Agents for Service of Process
Exhibit 2	Franchise Agreement
Exhibit 3	Kiosk Addendum
Exhibit 4	Territory Addendum for Street Location
Exhibit 5	Area Development Agreement
Exhibit 6	Collateral Assignment of Lease
Exhibit 7	Operating Manual Table of Contents
Exhibit 8	General Release
Exhibit 9	Donut King Franchisees as of July 2, 2021
Exhibit 10	Franchisees Who Exited a US Outlet During FY Ending July 2, 2021
Exhibit 11	Financial Statements
Exhibit 12	Guarantee of Performance
Exhibit 13	State-Specific Addenda

Date

Signature

Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO:
Donut King Systems, LLC, Convene, Floor 8, Suite 803, 333 N. Green Street, Chicago, Illinois 60607

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 1.

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Exhibit 13	State-Specific Addenda

Date

Signature

Printed Name

KEEP THIS COPY FOR YOUR RECORDS.