



FRANCHISE DISCLOSURE DOCUMENT

Great Harvest Franchising, Inc.
A Montana Corporation
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Dillon, MT 59725
(406) 683-6842 or (800) 442-0424
beng@greatharvest.com
www.greatharvest.com
www.facebook.com/GreatHarvestBreadCo

The franchise is a whole-wheat neighborhood bakery cafe.

The total investment necessary to begin operation of a Great Harvest bakery cafe franchise in a “Hub” location is \$176,678 to \$725,431. This includes \$35,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a Great Harvest bakery cafe franchise in a “Spoke” location is \$42,300 to \$447,536. This includes \$15,000 that must be paid to the franchisor or affiliate. If you want development rights, you must pay the franchisor a development fee equal to the full initial franchise fee for the first bakery cafe (\$35,000) plus a deposit of \$7,500 (of the \$15,000 initial franchise fee) for each additional bakery cafe you agree to develop. The total investment necessary to begin operation if you acquire development rights (a minimum of 2 bakery cafes) is \$184,178 to \$732,931. This includes \$42,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ben Green or Amanda Flamm at our corporate office at 28 South Montana Street, Dillon, Montana 59725, beng@greatharvest.com, or amandaf@greatharvest.com, (800) 442-0424.

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

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

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

Issuance date of this Franchise Disclosure Document: March 23, 2022

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 D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C 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 Great Harvest business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Great Harvest franchisee?	Item 20 or Exhibits D and E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 litigation only in Montana. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Montana than in your own state.
2. **Financial Condition.** 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.

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.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED
BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, 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.

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 directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48933
(517) 335-7567

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

“We,” “us,” and “our” in this disclosure document mean Great Harvest Franchising, Inc., the franchisor. “You” in this disclosure document means the person or legal entity acquiring the franchise (and, if applicable, development rights). If you are a corporation, partnership, or limited liability company, your owners must sign our Guaranty Agreement (Exhibit J), meaning all of our Franchise Agreement’s (Exhibit A) provisions also will apply to your owners.

We incorporated in Montana on May 1, 1980. We operate under our corporate name and the trademarks “Great Harvest Bread Co.®” and related logos described in Item 13 (the “Marks”) and no other name. Our principal business address is 28 South Montana Street, Dillon, Montana 59725. If we have an agent in your state for service of process, we disclose that agent in Exhibit B. We have no parent company, affiliates, or predecessors disclosable in this Item.

We franchise retail bakery cafes that currently produce and sell whole-wheat baked goods, made-from-scratch sandwiches, salads, soups, granola, breakfast items, and other products. There historically have been 6 principal types of Great Harvest bread companies or bakery cafes (collectively, “Great Harvest Stores”) in our system: (1) a traditional Great Harvest bread company baking bread and other products for retail sale; (2) a traditional Great Harvest bread company that has added sandwiches to its menu with limited seating but without 2 customer restrooms; (3) a single-site, bread-baking Great Harvest “bakery cafe” with some seating and a menu that includes sandwiches; (4) a multi-unit operation where 2 or more locations described in (3) above owned by the same franchisee work together, with one location baking bread and then supplying it to the other locations; (5) a “new concept” Great Harvest bakery cafe distinguished by permanent seating for 35 or more people; 2 customer restrooms; and a menu that includes breakfast sandwiches, cold and hot sandwiches, baked goods, salads, and coffee; and (6) a “new concept hub and spoke” with the primary “hub” location baking bread and other products to supply the “spoke” locations with the baked goods that supplement the cafe products made in the spoke(s) and at least one of the Great Harvest bakery cafes meets the “new concept” definition outlined in (5).

Since March 2017, we have offered franchises only for Great Harvest bakery cafes operating as single-site, new concept bread-baking bakery cafes (described in (5) above) or, if the franchisee intends to have a “hub and spoke” operation (described in (6) above), Great Harvest bakery cafes that are bread-baking (“hub”) locations and non-bread-baking (“spoke”) locations. (Since March 2017, we no longer grant new franchises for the type of “traditional” Great Harvest bread companies described in (1) and (2) above or the “limited” bakery cafe concept described in (3) above. Depending on local market conditions, however, we may offer franchises for “new concept” bakery cafes even if they cannot have 35 permanent seats or all the standard features of the “new concept” bakery cafe.) You may not acquire a franchise for a non-bread-baking location unless you already have a franchised bread-baking location. The main difference between bread-baking and non-bread-baking locations is that bread-baking locations mill and bake the bread that the bakery cafe sells and might be slightly larger than a non-bread-baking location to accommodate the additional required equipment. Non-bread-baking locations do not mill or bake bread (but do bake sweets and other products). Non-bread-baking locations obtain their bread inventory from nearby bread-baking locations. These “hub” and “spoke”

locations sell the same products. (Unless we need to distinguish in this disclosure document between bread-baking (“hub”) locations and non-bread-baking (“spoke”) locations, references to your “Bakery Cafe” cover whichever type of location you operate.) We have no other significant business activities.

All of our existing franchisees as of January 2017 (“Legacy Franchisees”) have the right to extend or renew their existing franchise agreements (i.e., signed before January 2017) at their scheduled expiration dates (if the Legacy Franchisees otherwise are in compliance with the renewal conditions). They need not sign our then-current form of franchise agreement as a condition of renewal. Legacy Franchisees selling their Great Harvest Stores covered by franchise agreements signed before January 2017 also have the right to assign their existing franchise agreements to the buyers of their business assets (if the transaction satisfies the franchise agreement’s transfer conditions). The buyer of that Legacy Franchisee’s Great Harvest Store need not sign our then-current form of franchise agreement as a condition of transfer.

Great Harvest bakery cafe sales are primarily retail with limited off-premises activity. The success of Great Harvest bakery cafes depends upon serving many customers. Our bakery cafes generally are in high-traffic urban and suburban areas. Customers span a wide cross-section of the population, both in age and economic status. You must compete primarily with retail bakeries, non-Great Harvest bakery cafes, sandwich shops, and large wholesale bakeries that sell their products through grocery and similar stores. The market is very developed in most areas.

We also grant multi-unit development rights to qualified franchisees, who then have the right to develop a number of Great Harvest bakery cafes within a defined area over a specific time period or according to a pre-determined development schedule. These franchisees have the right to open and operate Great Harvest bakery cafes directly or through “approved affiliates,” which are separate legal entities they control. We expect that franchisees obtaining development rights will operate one bread-baking (hub) location in a market area and one or more non-bread-baking (spoke) locations in that market area. Each hub location will provide bread to the franchisee’s nearby spoke locations. Our Development Rights Rider to the Franchise Agreement is Exhibit G. Franchisees signing our Development Rights Rider must sign our then-current form of Franchise Agreement for each additional Great Harvest bakery cafe they develop. While that form may differ substantially and materially year to year from the Franchise Agreement included in this disclosure document, the monthly continuing fee and marketing and technology fee percentages in the newly-signed Franchise Agreement will be modified to be the same as those in the Franchise Agreement included in this disclosure document.

We currently own and operate a research and development test lab in Dillon, Montana, which we use for test-baking and as a training facility, and 1 Great Harvest bakery cafe. We periodically have operated Great Harvest Stores (directly or through affiliates) since 1999. Item 20 describes those activities during our last 3 fiscal years. We have offered franchises since November 1, 1980. We have not franchised other types of businesses.

There are no regulations specific to the industry in which Great Harvest bakery cafes operate, although you must comply with all local, state, and federal health, food-handling, safety,

and sanitation laws that apply to foodservice operations and local and state laws that apply generally to all businesses. You should investigate these laws.

Item 2
BUSINESS EXPERIENCE

Chairman, Director, and Chief Executive Officer: J. Michael Ferretti

J. Michael Ferretti has been our Chairman since January 2016 and our CEO and a Director since June 2001. He was our President from June 2001 until January 2016.

Director, President, and Chief Marketing Officer: Eric Keshin

Eric Keshin has been our Chief Marketing Officer since September 2014, having been our Marketing Consultant from April 2014 to September 2014. He has been a Director and our President, and one of our owners, since January 2016.

Chief Financial Officer: Christine L. Koch, CPA

Christine L. Koch has been our Chief Financial Officer since August 2020. From October 2010 through August 2020, she was the Controller and then Chief Financial Officer for Fire Suppression Systems, located in Bozeman, Montana.

Chief Operating Officer: Janet R. Tatarka

Janet R. Tatarka has been our Chief Operating Officer since November 2020. She was the Director of Bakery Cafe Training (formerly Bakery Logistics) from July 2000 through October 2020. She began working for us as a generalist in November 1991. Since that time, she has held various positions, such as wheat manager, meeting planner, customer service trainer, and project coordinator.

Director of Franchise Sales: Ben Green

Ben Green has been our Director of Franchise Sales since August 2018. From December 2012 through June 2018, he was the Vice President of Franchise Development for Buddy's, located in Tampa, Florida.

Director of Bakery Cafe Training: Tom Duhigg

Tom. Duhigg has been our Director of Training since September 2020. He was originally hired November 2019 as a consultant. He was Vice President of Operations for Chick N Max in Wichita, Kansas from August 2018 through September of 2019, did consulting work in Glendale, Arizona from February 2018 through August 2018, and was Director of Operations for HCI Hospitality in Manhattan, Kansas from January 2010 through February 2018.

Director of Field Operations: Lauren C. Johnson

Lauren C. Johnson has been our Director of Field Operations since we created the position in November 2020, having held various positions since joining Great Harvest in 2011, including field representative from March 2016 until November 2020 and startup training and development consultant from January 2011 until March 2016.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5
INITIAL FEES

Our initial franchise fee for your first Great Harvest bakery cafe is \$35,000. Our initial franchise fee for your second or subsequent bakery cafe currently is \$15,000. You must pay us the franchise fee when you sign the Franchise Agreement (except as otherwise provided in a Development Rights Rider, as described below).

We offer a 15% discount for honorably-discharged veterans of the United States Armed Forces who control at least 50% of the Bakery Cafe when the Franchise Agreement is signed.

All existing franchisees (whether or not Legacy Franchisees) receive an initial franchise fee discount for new Great Harvest bakery cafes, the amount of which depends on whether they develop the new bakery cafe inside or outside their existing franchise territories. Franchisees that sign Franchise Agreements for new bakery cafes to be developed outside their existing franchise territories will pay a non-refundable \$15,000 franchise fee for an Exclusive Franchise Territory covering approximately 50,000 people. However, franchisees that sign Franchise Agreements for new bakery cafes to be developed inside their existing franchise territories will pay a non-refundable \$10,000 franchise fee for an Exclusive Franchise Territory covering less than 50,000 people.

If we sell a new Great Harvest bakery cafe franchise to be developed by a franchisee in a Legacy Franchisee's existing territory (because the Legacy Franchisee agrees to "release" part of its territory for the new franchisee's bakery cafe), the initial franchise fee for the new bakery cafe will be \$35,000. The Legacy Franchisee will receive \$15,000, and we will keep \$20,000. The new franchisee's Exclusive Franchise Territory will cover less than 50,000 people.

We have the right to terminate the Franchise Agreement at any time and for no reason during the period between its effective date and 30 days after your Certified Manager completes "Bakery Cafe School" in Dillon. If we do, then after you sign a Mutual General Release

(Exhibit I) and return all of our confidential information, the computer you received before Dillon training (if you paid us a \$35,000 franchise fee), and all software and accessories, we will refund (without interest) the franchise fee you paid us when you signed the Franchise Agreement.

You have the right to terminate the Franchise Agreement any time before you open your Bakery Cafe. Except as described below in this Item, we will keep \$10,000 of your franchise fee if you paid us a \$35,000 franchise fee. If your Franchise Agreement terminates automatically because your Bakery Cafe does not open within 15 months after the Franchise Agreement's effective date (or, if earlier, by the date provided in a Development Rights Rider to which we and you or your affiliate are parties), or by the end of any extension we agree to grant you, we also will, except as described below in this Item, keep \$10,000 of your franchise fee if you paid us a \$35,000 franchise fee. In both circumstances, we will refund the rest to you (without interest) after you sign a Mutual General Release (Exhibit I) and return all of our confidential information. You may keep the computer you received from us (if you paid us a \$35,000 franchise fee) after you send it to us to erase our confidential information and promise to keep no copies of the information we erase. If you terminate the Franchise Agreement before opening the Bakery Cafe or if the Franchise Agreement terminates automatically and you paid us an initial franchise fee less than \$35,000, we will keep all of your non-refundable franchise fee.

Despite the franchise fee refund circumstances described above, if you sign a Franchise Agreement under a Development Rights Rider we signed with you or your affiliate granting multi-bakery cafe development rights, we will refund the franchise fee only if the terminated Franchise Agreement covers the first Bakery Cafe you must develop under the Development Rights Rider. No portion of any franchise fee paid for the second or a subsequent Bakery Cafe to be developed under the Development Rights Rider (if the terminated Franchise Agreement covers that second or a subsequent Bakery Cafe), whether paid as part of the development fee under the Development Rights Rider or otherwise, is refundable under any circumstances, no matter why the Franchise Agreement was terminated. No portion of the development fee paid under a Development Rights Rider for a second or subsequent Bakery Cafe to be developed is refundable under any circumstances.

If you sign our Development Rights Rider to the Franchise Agreement because you commit to develop 2 or more Great Harvest bakery cafes in an area, we currently charge a development fee you must pay in full when you sign the Development Rights Rider. The development fee due when you sign the first Franchise Agreement and Development Rights Rider equals the full \$35,000 initial franchise fee for the first Bakery Cafe, plus \$7,500 of each initial franchise fee due for each additional Bakery Cafe you agree to construct, develop, and operate under the development schedule. The balance of the initial franchise fee due for each Bakery Cafe (after the first)—i.e., \$7,500—is due when your Bakery Cafe opens. We and you will determine the number of Bakery Cafes you must develop, and the dates by which you must develop them, before signing the Development Rights Rider.

If you want to change your Exclusive Search Territory any time before signing a lease or purchasing a building for your Bakery Cafe location, we have the right to charge you \$250 to

consider your request. We have no obligation to grant your request. This payment is not refundable.

We provide one on-site location hunting trip and have the right to charge you our direct expenses for any additional hunting trips you request. This payment is not refundable.

We provide initial training for 2 people at no additional charge. We charge you \$2,500 for each additional person attending the initial training program. This payment is not refundable.

We provide 2 Bakery Cafe layout revisions as part of your franchise fee. However, if you request additional assistance beyond what we typically give franchisees, we have the right to charge you our then-current hourly rate for that service (currently \$65 per hour). This payment is not refundable.

If you want to extend your Franchise Agreement before the automatic termination date because you cannot open within the 15-month timeline and we agree that progress will be made during the extension, we will give you a 6-month extension to open your Bakery Cafe. If you cannot open within 21 months, we have the right (but no obligation) to give you another 6-month extension if you are making adequate progress and pay us a non-refundable \$1,500 extension fee.

Item 6
OTHER FEES

Column 1	Column 2	Column 3	Column 4
Type of fee ¹	Amount	Due Date	Remarks
Continuing Fee	5% of Bakery Cafe's monthly Gross Sales (see Note 1 for various financial incentives we offer to Legacy Franchisees)	Due by 15th day of each calendar month on previous month's Gross Sales ²	"Gross Sales" means the sales of all products, goods, services, and wares, whether for cash or on a charge, credit, or time basis, in connection with your Bakery Cafe's operation; they do not include sales taxes collected from customers.
Marketing Fee	2.5% of Bakery Cafe's monthly Gross Sales ²	Due by 15th day of each calendar month on previous month's Gross Sales ²	Item 11 discusses the Marketing Fund.

Column 1 Type of fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Opening Marketing	\$12,000	As incurred	You must spend at least \$12,000 on approved opening marketing within 4 months after your Bakery Cafe opens. If you do not and fail to cure default within 30 days, we may transfer the unspent amount from your account and execute a marketing plan for you.
Transfer	75% of our then-current initial franchise fee charged to first-time Great Harvest bakery cafe franchisees for their first bakery cafe franchise, not to exceed \$25,000	Due when Franchise Agreement signed	This is the transfer fee due for a transfer involving or relating to Franchise Agreement attached to this disclosure document. If you are buying a Great Harvest Store operating under older form of franchise agreement, transfer fee will be determined by selling franchisee's franchise agreement and might be lower.
Additional Training or Assistance	\$40 per hour (plus reasonable expenses)	As incurred	We provide initial training for 2 people as part of your franchise fee; however, if you request additional assistance beyond what we typically give franchisees, we have the right to charge you for our services.
Renewal Extension	\$3,000	Before expiration date of your Franchise Agreement	Please refer to Note 4.
Relocation	\$5,000	As incurred	Due if you wish to relocate the Bakery Cafe's premises and we are involved in the process.
Hold Harmless	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Bakery Cafe's operation.

Column 1 Type of fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Liquidated Damages	Maximum Continuing Fee due under your Franchise Agreement	As incurred	Due during period you violate non-competition provisions.
Annual Convention	\$500 or less for registration fee	Before you attend	You will pay convention fee and your own expenses to attend our optional yearly convention.
Audit Costs	Costs incurred in conducting audit (depends on extent of your non-compliance but should not exceed \$2,500)	As incurred	Due if you understate Gross Sales by more than 2% or do not send us required information.
Interest	12% per year	15 days after you receive inspection or audit report	Due on overdue amounts.
Taxes	As required by law	As incurred	You must pay us all taxes that we must collect or pay on account of services or goods we provide you or fees we collect from you.
Attorneys' Fees and Expenses	Will vary under circumstances (depends on extent of your non-compliance)	As incurred	You must reimburse us if we incur these expenses after terminating your franchise for cause.
Mill Dressing (only for hub locations)	\$1,200	As invoiced	Fee paid to us for mill dressing provided on-site by an independent contractor of ours (mill dressing is maintenance where stones are pulled apart for re-sharpening to give them better teeth to grind wheat berries into flour).
Reimbursement of Gift Card Deficiencies	Amount of deficiency (depends on extent of your non-compliance)	Within 10 days after notice from us	You must reimburse us for any deficiencies in your gift card bank account that we cover for you.

Notes:

1/ Except as described in this Item and in Item 8 (for product and service purchases), all fees are imposed and collected by and payable to us. Unless noted otherwise, all fees currently are uniformly imposed, and no fee is refundable.

Legacy Franchisees that sign Franchise Agreements for new Great Harvest bakery cafe franchises (no matter when signed) will pay a 4% (rather than 5%) Continuing Fee.

If we sell a new Great Harvest bakery cafe franchise to be developed by a franchisee in a Legacy Franchisee's existing territory (because the Legacy Franchisee agrees to "release" part of its territory for the new franchisee's bakery cafe), we will share with the Legacy Franchisee during the initial 10-year franchise term the Continuing Fee we receive from the new franchisee. We will keep 80% of that Continuing Fee and pay the Legacy Franchisee 20% of that Continuing Fee.

All new Great Harvest bakery cafes developed by a Legacy Franchisee under a Development Rights Rider will pay a 4% (rather than a 5%) Continuing Fee.

- 2/ We must receive your monthly Continuing Fee and Marketing Fee by the 15th day of the month following the month you are reporting. You must make continuing fee and Marketing Fee payments electronically for sake of speed, accuracy, and convenience and cooperate with us to make all necessary banking arrangements for electronic funds transfers. You must report your Gross Sales to us electronically in a format we specify; if for any reason you cannot submit electronically, the report must be submitted via email or facsimile. In either case, the report format may break down Gross Sales figures by location, wholesale, and other off-site sales. We have the right to add a \$50 late charge for any payments we do not receive by the 25th day of the month, and interest will accrue at 1% per month beginning the first day of the following month.
- 3/ We consider any business in which you have an interest that benefits from our goodwill, or from your Bakery Cafe's goodwill and public image, as part of your Bakery Cafe (and subject to the Franchise Agreement) even if you keep separate books or otherwise distinguish the business. We will not consider a business that is adjacent to the Bakery Cafe and benefits from its foot traffic as part of the Bakery Cafe if it does not resemble ownership of the Bakery Cafe.
- 4/ If you advise us that you want to renew your franchise, but you do not complete the renewal process before your Franchise Agreement expires, we will give you a 90-day extension to complete the renewal process if you pay us a non-refundable \$3,000 renewal extension fee before your Franchise Agreement's original expiration date. If you do not pay us this \$3,000 before that date, you do not get a 90-day extension and your Franchise Agreement will expire on its original expiration date. If you complete the renewal process before your Franchise Agreement's original expiration date, you need not pay us any renewal fee.
- 5/ There are no mandatory advertising cooperatives in our system. Franchisees in certain geographic areas occasionally agree to collaborate on advertising in their areas but do so voluntarily. We do not participate in these cooperatives through company-owned bakery cafes or control their operation. They are strictly voluntary groups, and franchisees in the particular areas govern their operation.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR BAKERY CAFE
(SINGLE-SITE OR HUB LOCATION)

The following table relates only to a single-site or Hub location. A separate table follows below with the estimated initial investment for a Spoke location.

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee *See Note 1	\$35,000	Lump Sum	Upon signing Franchise Agreement and, if applicable, Development Rights Rider	Us
Expenses While Training	Range: \$2,049 to \$10,300 Average: \$5,542	As incurred	As incurred	Airlines, hotels, restaurants, and/or other businesses
One Month's Rent *See Note 2	Range: \$2,500 to \$32,892 Average: \$9,676	Lump sum	As specified in lease or sublease	Landlord
Real Estate and Improvements *See Note 2	Range: \$965 to \$287,500 Average: \$133,571	As incurred	As incurred	Suppliers, Tradesmen
Equipment *See Note 3	Range: \$84,785 to \$234,353 Average: \$147,793	As purchased	As purchased	Suppliers
Signs	Range: \$4,059 to \$15,321 Average: \$9,683	As purchased	As purchased	Suppliers
Prepaid Expenses and Deposits *See Note 4	Range: \$4,500 to \$32,000 Average: \$10,240	As incurred	As incurred	City, county, and state governments; Landlord
Opening Inventory (Ingredients and Supplies)	Range: \$10,000 to \$25,949 Average: \$19,888	As purchased	As purchased	Suppliers

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Grand Opening Advertising Costs *See Note 5	\$12,000	As incurred	As incurred	Suppliers
Organizational Costs/Misc. *See Note 6	Range: \$820 to \$19,116 Average: \$8,069	As incurred	As incurred	Legal advisors, Utilities
Additional Funds – 3 months *See Note 7	\$20,000	As incurred	As incurred	Cash reserves, Accounts payable
TOTAL ESTIMATED START-UP COSTS *See Note 8	\$176,678 to \$725,431 ***			

*** The estimated initial investment level for a new franchisee (including existing franchisees acquiring additional Great Harvest bakery cafe locations), based on the actual low and high costs for the various line-item expenses in the table above incurred by 6 first-time franchisees who opened their first Great Harvest Stores operating as a bakery cafe between January 2020 and December 2021 (and who reported this information to us out of 8 first-time franchisees), ranges from \$176,678 to \$725,431 (assuming our currently-charged \$35,000 initial franchise fee and currently-mandated \$12,000 grand opening marketing spend). However, the actual total investment level of those 6 first-time franchisees for their 6 Great Harvest Stores operating as a bakery cafe ranged from a low of \$311,061 to a high of \$591,860 with an average of \$411,463.

Except for the initial franchise fee (described in Item 5) and certain pre-paid expenses and deposits, no expenditure in the table above is refundable.

Note 1: We describe the initial franchise fee and development fee, and when these fees are due, in Item 5. No separate initial investment is required when you sign the Development Rights Rider, although you of course must build the first Great Harvest bakery cafe at a cost estimated to range as described in the chart above. Therefore, the total initial investment necessary to begin operation if you commit to develop a minimum of 2 Great Harvest bakery cafes is \$184,178 to \$732,931.

Note 2: Most Great Harvest franchisees lease their space. The initial monthly lease cost ranged from \$2,500 to \$32,892 (the \$32,892 includes more than one month's rent due

to delayed opening because of COVID) for first-time franchisees who opened between January 2020 and December 2021, depending on the square footage costs in the community. A bakery cafe's premises typically is in a strip center or stand-alone location in a commercial area or downtown area when that area is viable for every-day retail. Lease and leasehold improvement costs depend on the condition, location, and size of the premises; the demand for the premises among possible lessees; whether the premises were used for similar operations; the build-out required; and any construction or other allowances the landlord gives you. Your lease costs are an important consideration. You are responsible for this cost for the entire lease term regardless of your Bakery Cafe's performance and, more often than not, will have personal liability for the lease costs even if you have an entity to own and operate your Bakery Cafe.

- Note 3: Costs vary because necessary equipment is based on estimated sales at the location (determined after the Franchise Agreement is signed). The availability of used equipment also is a factor. One item not readily reflected in the range is the cost of having a mill meet certain manufacturing standards that historically have not applied to that piece of equipment. While we are aware of only 2 Great Harvest Stores in our system ever having to satisfy that requirement, it might be required in the future. If you must buy a mill meeting this different manufacturing standard, we estimate the incremental cost to be between \$5,000 and \$20,000 depending on the age and size of the "old" mill to which you are comparing it.
- Note 4: Prepaid expenses and deposits include security deposits, utility deposits, permit costs, insurance premiums, and similar items. Some of these items might be refundable.
- Note 5: You must spend at least \$12,000 on an opening advertising program beginning before, and extending 4 months after, your Bakery Cafe opens.
- Note 6: Organizational costs include legal and accounting fees, incorporation costs, and other miscellaneous expenses incurred before opening.
- Note 7: This item estimates your initial start-up expenses (other than the items identified separately in the table). These expenses include payroll costs but not any draw or salary for you. You might need additional working capital during the first 3 months you operate your Bakery Cafe and for a longer time period afterward. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Bakery Cafe will break even. We relied on our decades-long experience granting franchises for Great Harvest Stores to compile this Additional Funds estimate.
- Note 8: You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. An estimated initial

investment will be incurred for each Bakery Cafe established under a Development Rights Rider.

**YOUR ESTIMATED INITIAL INVESTMENT FOR BAKERY CAFE
(SPOKE LOCATION)**

The following table relates only to a Spoke location. A separate table appears above with the estimated initial investment for a single-site or Hub location.

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee	\$15,000	Lump Sum	Upon signing Franchise Agreement and, if applicable, Development Rights Rider	Us
Expenses While Training *See Note 1	Range: \$0 to \$5,000 Average: \$1,572	As incurred	As incurred	Airlines, hotels, restaurants, and/or other businesses
One Month's Rent *See Note 2	Range: \$0 to \$10,000 Average: \$3,524	Lump sum	As specified in lease or sublease	Landlord
Real Estate and Improvements *See Note 2	Range: \$2,900 to \$193,140 Average: \$80,534	As incurred	As incurred	Suppliers, Tradesmen
Equipment *See Note 3	Range: \$2,000 to \$141,199 Average: \$48,968	As purchased	As purchased	Suppliers
Signs	Range: \$400 to \$16,197 Average: \$7,048	As purchased	As purchased	Suppliers
Prepaid Expenses and Deposits *See Note 4	Range: \$0 to \$10,000 Average: \$2,385	As incurred	As incurred	City, county, and state governments; Landlord

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Opening Inventory (Ingredients and Supplies)	Range: \$0 to \$20,000 Average: \$8,759	As purchased	As purchased	Suppliers
Grand Opening Advertising Costs	\$12,000	As incurred	As incurred	Suppliers
Organizational Costs/Misc. *See Note 5	Range: \$0 to \$15,000 Average: \$2,389	As incurred	As incurred	Legal advisors, Utilities
Additional Funds – 3 months *See Note 6	\$10,000	As incurred	As incurred	Cash reserves, Accounts payable
TOTAL ESTIMATED START-UP COSTS *See Note 7	\$42,300 to \$447,536 ***			

*** The estimated initial investment level for a new franchisee (including existing franchisees acquiring additional Great Harvest bakery cafe locations), based on the actual low and high costs for the various line-item expenses in the table above incurred by 8 franchisees who opened their additional Great Harvest bakery cafe spoke locations between January 2017 and December 2021 (and who reported this information to us out of the 12 additional spoke locations that opened), ranges from \$42,300 to \$447,536 (assuming our currently-charged \$15,000 initial franchise fee and currently-mandated \$12,000 grand opening marketing spend). However, the actual total investment level of those 8 franchisees for their 8 additional Great Harvest bakery cafe spoke locations ranged from a low of \$27,564 to a high of \$387,065 with an average of \$176,500.

Except for certain pre-paid expenses and deposits, no expenditure in the table above is refundable.

Explanatory Notes:

- Note 1: We expect that your training requirements will be less for your Bakery Cafe at a spoke location because you and your team already will have received substantial training when you developed and opened your Bakery Cafe at the hub location.
- Note 2: Most Great Harvest franchisees lease their space. The initial monthly lease cost ranged from \$0 to \$10,000 for franchisees that opened an additional bakery cafe spoke location between January 2017 and December 2021, depending on the square footage costs in the community. A bakery cafe's premises typically is in a strip center or stand-alone location in a commercial area or downtown area when that area is viable for every-day retail. Lease and leasehold improvement costs depend on the condition, location, and size of the premises; the demand for the premises among possible lessees; whether the premises were used for similar operations; the build-out required; and any construction or other allowances the landlord gives you. Your lease costs are an important consideration. You are responsible for this cost for the entire lease term regardless of your Bakery Cafe's performance and, more often than not, will have personal liability for the lease costs even if you have an entity to own and operate your Bakery Cafe.
- Note 3: You do not need a mill for a spoke location.
- Note 4: Prepaid expenses and deposits include security deposits, utility deposits, permit costs, insurance premiums, and similar items. Some of these items might be refundable.
- Note 5: Organizational costs include legal and accounting fees, incorporation costs, and other miscellaneous expenses incurred before opening.
- Note 6: This item estimates your initial start-up expenses (other than the items identified separately in the table). These expenses include payroll costs but not any draw or salary for you. You might need additional working capital during the first 3 months you operate your Bakery Cafe and for a longer time period afterward. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Bakery Cafe will break even. We relied on our decades-long experience granting franchises for Great Harvest Stores to compile this Additional Funds estimate.
- Note 7: You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. An estimated initial investment will be incurred for each Bakery Cafe established under a Development Rights Rider.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You will develop and operate the Bakery Cafe according to our standards, guidelines, and operational procedures, which may address many things, including the Bakery Cafe's signs; equipment; fixtures; supplies; ingredients, materials, and food products; approved suppliers of these items; and products and services we require or authorize the Bakery Cafe to sell. In certain cases, you will have several options from which to choose. Except as described below, there currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Bakery Cafe that you must buy or lease from us (or our affiliates) or designated or approved suppliers or according to our specifications.

Wheat is critical to bread quality. Specifying and sourcing wheat are critical to our System's success. Therefore, you must buy 100% of your wheat requirements only from an approved wheat supplier. We will give you a list of approved wheat suppliers and define quality standards that wheat suppliers must meet. We will test-bake the wheat to determine if it meets our quality standards. If your Bakery Cafe bakes its own bread, all whole-wheat flour must be freshly milled daily, on premises, using a mill we approve. If your Bakery Cafe does not bake its own bread, you must obtain your bread from another Great Harvest Store that does bake its own bread using whole-wheat flour freshly milled daily on-premises.

We also will try to identify and appoint an approved distributor from which you can directly purchase all of your ingredients and supplies; however, we do not guarantee we will have a single distributor appointed at all times. Nevertheless, there always will be suppliers available from which you may purchase the items necessary to operate your Bakery Cafe. We will define quality and business performance standards that approved suppliers and distributors must meet so we can maintain a steady flow of high-quality ingredients and services to all Great Harvest Stores. We will identify the approved distributor and suppliers for you in various written materials on our Extranet. We are not an approved supplier of any item. No officer of ours owns an interest in any supplier to the System.

If you want to use a new supplier that is not on our approved distributor and supplier list but meets our specifications and requirements, that supplier may apply to become an approved supplier. The procedure begins when we receive a written request for appointment as an approved supplier. We then review the supplier's qualifications and will respond to you in approximately 30 days. We consider numerous factors in our review, including ability to meet our product quality specifications and testing minimums; willingness to protect our confidential information and trade secrets from unauthorized circulation to others; production and delivery capability sufficient to meet supply commitments year-round; meeting the requirements of a third-party audit for good manufacturing practices; integrity of the applicant's business practices; and sound financial condition. We may visit the supplier's facilities as part of the review process. If an approved supplier deviates from our specifications, we may terminate its status as an approved supplier by notifying you and the supplier in writing.

We must approve your Great Harvest Bread Co.[®] sign(s), and you must use our current logo on any published or broadcast advertising or promotional materials. We suggest, but do not require, that you submit all materials to us before you use them. You may not use any advertising or promotional materials we disapprove. If your materials do not display our Marks accurately or otherwise are unacceptable, you must change them at your expense. Under no circumstances will we require you to purchase new exterior signs to accommodate a change in the logo design. If you propose to transfer your Bakery Cafe, we have the right to require the transferee to buy new signage. At our request, you must prominently display to customers at all times the materials we provide (at our expense) to promote the franchise.

You must maintain, at your own expense, at least \$1 million of insurance against all types of general liability, including product liability. All insurance must be with accredited companies and include us and our shareholders, officers, and directors as additional insureds. You also must have workers' compensation insurance the law requires and property insurance to cover the Bakery Cafe's premises. At our request, you must give us a copy of your insurance policies.

You are required to purchase, use, and allow us access to all of the then-recommended systems. The following are the systems we currently require: Point of Sale (POS), pricing tools, labor-management program, accounting software program, website developer and hosting provider, online order ahead and national online catering providers, national purchasing programs, inventory and ingredients cost-control program, Great Harvest Bake Record, and Harvest Rewards.

Collectively, other than for wheat, the purchases and leases described above represent less than 5% of your total purchases and leases to establish and then operate your Bakery Cafe.

We offer a national gift-card program in which you have the right to participate. Individual Great Harvest Stores issue the gift cards, which are redeemed at the issuing Great Harvest Store or another store. If you choose to participate, you must have a designated bank account within which settlement of gift-card transactions occurs monthly. Your bank account must have sufficient monies to fund all redemptions of gift cards issued by your Bakery Cafe (and associated fees). You must reimburse us for any deficiencies we cover for you. You must follow our rules and procedures for the gift-card program if you choose to participate, including using our required electronic Harvest Rewards.

We currently do not derive revenue or other material consideration from required purchases or leases. However, we are party to a business partner program with an on-line e-mail direct-mail marketing service, which rebates to us 30% of the monthly revenues it receives from our franchisees. These rebates, which totaled \$9,726 during our 2021 fiscal year, are used to fund any costs we incur on this project. Our costs, which totaled \$800 during our 2021 fiscal year, represent costs we incurred to develop custom templates. Any templates we develop are made available to all of our franchisees. To the extent rebates we receive under this program exceed our direct costs associated with the program, we will remit the excess to our participating franchisees. There are a few items (elastic loops, multi-timer motors, multi-timers, etc.) that we buy in bulk and pass on to franchisees as ordered at the favorable price we received by

buying in bulk. We did not mark up the products and just passed them through at cost; we therefore do not reference the reimbursement as revenue on our financial statements.

There periodically are products or services we want to test. In these cases, we subsidize the cost for the specified product or service, and participation is completely voluntary. There currently is no purchasing cooperative. We have the right to negotiate specific percentage mark-ups with suppliers or a distributor on ingredients and supplies used to operate a bakery cafe, as we have done with wheat prices and 2 current optional distributor programs. Bakery cafes choosing not to participate in our approved-distributor programs will not benefit from negotiated prices on ingredients and supplies. One of the distributors does not pay us any revenue on account of franchisee purchases but does voluntarily contribute money to various charitable causes associated with the Great Harvest brand. The entity managing our other optional distributor program did send us rebates, which we used to subsidize the program’s administrative costs. These rebates totaled \$29,438 during our 2021 fiscal year. We do not provide material benefits to you (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

The Development Rights Rider does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items. You must give us information and materials we request concerning each site at which you propose to operate a Bakery Cafe so we can assess that site.

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	FYP-2, FYP-3, and FYP-8 of Franchise Agreement, 6 of Development Rights Rider, and Amendment for Additional Bakery Cafe	7, 11, and 12
b. Pre-opening purchases/leases	FYP-2, FYP-10, C-3, C-12, C-13, and C-14 of Franchise Agreement	7, 8, and 11
c. Site development and other pre-opening requirements	FYP-4, FYP-7, and FYP-8 of Franchise Agreement	5, 7, 8, 11, and 12

Obligation	Section in agreement	Disclosure document item
d. Initial and ongoing training	FYP-4, FYP-5, FYP-7, and C-2 of Franchise Agreement, Amendment for Additional Bakery Cafe, and Transfer Amendment to Franchise Agreement	6, 7, and 11
e. Opening	FYP-8 of Franchise Agreement and 3 of Development Rights Rider	11
f. Fees	FYP-3, FYP-6, FYP-10, FYP-12, FYP-13, C-7, C-8, C-9, C-10, C-11, C-17, C-18, C-22, C-23, C-24, C-25, and C-26 of Franchise Agreement, 5 of Development Rights Rider, Amendment for Additional Bakery Cafe, and Transfer Amendment to Franchise Agreement	5, 6, 7, and 12
g. Compliance with standards and policies/operating manual	FYP-1, FYP-9, FYP-10, FYP-11, FYP-12, C-3, C-10, C-11, C-13, C-14, and C-30 of Franchise Agreement	8 and 11
h. Trademarks and proprietary information	FYP-1, FYP-9, FYP-10, C-4, C-14, C-16, C-17, and C-18 of Franchise Agreement and Amendment for Additional Bakery Cafe	13 and 14
i. Restrictions on products/services offered	FYP-10, C-3, C-11, C-13, and C-17 of Franchise Agreement	8, 11, 12, and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	FYP-2, C-5, and C-19 of Franchise Agreement and 6 of Development Rights Rider	12
l. Ongoing product/service purchases	C-3, C-12, C-13, and C-14 of Franchise Agreement	8, 11, and 13
m. Maintenance, appearance, and remodeling requirements	C-14 of Franchise Agreement	13
n. Insurance	C-12 of Franchise Agreement	7 and 8

Obligation	Section in agreement	Disclosure document item
o. Advertising	FYP-12 and C-8 of Franchise Agreement and Amendment for Additional Bakery Cafe	6 and 11
p. Indemnification	C-26 of Franchise Agreement	6
q. Owner's participation/management/staffing	FYP-7 and C-6 of Franchise Agreement, Amendment for Additional Bakery Cafe, and Transfer Amendment to Franchise Agreement	11 and 15
r. Records and reports	C-7, C-9, and C-10 of Franchise Agreement	6 and 11
s. Inspections and audits	FYP-5, C-2, C-9, C-10, and C-25 of Franchise Agreement	6
t. Transfer	C-22 of Franchise Agreement, 9 of Development Rights Rider, Transfer Amendment to Franchise Agreement, and Amendment for Additional Bakery Cafe	6 and 17
u. Renewal	C-23 of Franchise Agreement	17
v. Post-termination obligations	C-25 of Franchise Agreement	17
w. Non-competition covenants	C-17, C-18, and C-25 of Franchise Agreement	17
x. Dispute resolution	C-30 and C-32 of Franchise Agreement	17
y. Owners/Shareholders Guarantee	Preliminary Definitions and C-22 of Franchise Agreement; Guaranty Agreement	15
z. Gift Cards	C-11 of Franchise Agreement	8 and 17

Item 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or 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 your Bakery Cafe, we will:

(1) Loan you copies (or give you access to the electronic files) of our Confidential Start-Up Materials, Tracking Guide, Pre-Opening Requirements, and operations manual, the tables of contents of which are Exhibit F. There are 177 pages total in those materials. If you are acquiring your first Great Harvest bakery cafe franchise, we also will give you a personal computer loaded with selected software to use in operating your Bakery Cafe. (Franchise Agreement – Sections FYP1 and FYP9 and Amendment for Additional Bakery Cafe) If you are acquiring a franchise for a spoke location, we will not give you a personal computer, but you still must acquire the required the point-of-sale system.

(2) Identify an Exclusive Search Territory for your Bakery Cafe. (Franchise Agreement – Section FYP2)

(3) Advise you on possible bakery cafe locations, including one on-site visit by a location hunter. You also will receive maps and demographic information. We will give you our then-current criteria for Great Harvest bakery cafe sites (including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help you select and identify each Bakery Cafe's site. We will not unreasonably withhold our acceptance of a location for your Bakery Cafe if, in our experience, the proposed location is not inconsistent with locations that we regard as favorable or that otherwise have been successful locations for Great Harvest Stores in the past. However, we have the absolute right to reject any location not meeting our criteria or to require you to acknowledge in writing that a location you have chosen is accepted but not recommended due to its incompatibility with certain factors that bear on a location's suitability for a Great Harvest bakery cafe. You may not proceed with a site that we have not accepted. We have the right to charge you our direct expenses for any additional location trips you request. (Franchise Agreement – Section FYP3 and Amendment for Additional Bakery Cafe) You have 15 months to find a location and open your Bakery Cafe (except as otherwise provided in the development schedule under the Development Rights Rider). The Franchise Agreement terminates automatically after that date unless there is an extension. We do not own locations for lease to franchisees. We have the right to review and accept the lease for your proposed location before you sign it. The lease must include our standard form of Lease Rider. You may not sign any lease we have not accepted in writing. (Franchise Agreement – Section FYP8)

(4) Train you in the Great Harvest System. (Franchise Agreement – Sections FYP4 and FYP7, Amendment for Additional Bakery Cafe, and Transfer Amendment to Franchise Agreement) We describe this training later in this Item.

(5) Identify the approved distributor and suppliers from which you may buy the wheat and other items you need to operate your Bakery Cafe. (Franchise Agreement – Sections C3 and C13)

(6) Designate a specific number of Bakery Cafes you have the right to develop and open at approved locations within your development area (if we grant you development rights). (Development Rights Rider – Sections 2, 3, and 6) We will accept the proposed locations of your additional Bakery Cafes only if they meet our then-current standards for bakery cafe sites.

During your operation of the Bakery Cafe, we will:

(1) Visit your Bakery Cafe for one full day 3 times during your first 2 years of operation. (Franchise Agreement – Section FYP5)

(2) Continually advise you in all matters affecting your business. Our advice and consultation include telephoning and distributing research and development information through the Extranet and other means. (Franchise Agreement – Section C2)

(3) Identify the approved distributor and suppliers from which you have the right to buy wheat and other supplies. You will order from and pay them directly. We will give you a list of suppliers from which other items are available, but you need not buy from them. (Franchise Agreement – Sections C3 and C13)

(4) Answer all of your questions about the System and be open and honest with you. (Franchise Agreement – Section C1)

(5) Let you use our Confidential Start-Up Materials, Pre-Opening Requirements, and operations manual, which explain the key aspects of our System and what we expect you to do while operating your Bakery Cafe. You may not disclose these materials to anyone who is not a “Signed Great Harvest Insider,” as described in Item 15. (Franchise Agreement – Sections FYP1, FYP9, “Preliminary Definitions” before First Year Promises, and Section C16 and Amendment for Additional Bakery Cafe) The operations manual may consist of and is defined to include audio, video, computer software, other electronic media and/or written and other tangible materials. The operations manual contains mandatory and suggested brand specifications, brand standards, operating procedures, and rules we periodically prescribe for developing and operating Great Harvest bakery cafes. We have the right to modify the operations manual to reflect changes in the Great Harvest System.

(6) Provide a location hunt if you decide to move your Bakery Cafe. (Franchise Agreement – Section C21)

(7) Maintain a Marketing Fund for advertising, marketing, research, and public relations programs and materials, the purposes of which are to enhance, promote, and protect the Great Harvest brand and franchise system. We describe the Marketing Fund and other advertising activities below. (Franchise Agreement – Section C8)

You generally have the right to use any advertising materials you want if they reproduce our Marks accurately and properly represent the Great Harvest System’s culture and image. You

must prominently display to customers any materials we give you (at our expense) to promote the franchise.

We currently do not advertise Great Harvest bakery cafe products nationwide because we feel the most powerful emphasis should be the local nature of your Bakery Cafe and products. There currently are no active advertising cooperatives or funds in which you must participate (but see Marketing Fund discussion below). Some regions work together, independent of us, on television, radio, and print campaigns. Our marketing department provides copywriting and creative support for local and regional outreach. We help you in all aspects of implementing recommended local radio buys and provide local cable support and native newspaper ad creation. There is full turnkey support for digital display advertising. Our marketing department also offers you a full line of turnkey marketing tools and systems, including: a brand platform; graphic guidelines; public relations “how tos”; social media tools; hundreds of ready-to-use and customizable promotional templates (for example, coupons, flyers, brochures, ads, point-of-purchase and product signage, bag stuffers, recipes, menus, and more); a full line of e-mail marketing templates (brand building and product-specific) for every month and season of the year; and a library of photo and clip art images for print and online use. The most popular support comes from the Annual Calendar, available on GHcentral, which lists recommendations and resources for popular, tested month-to-month and seasonal promotions, like our over-the-top Honey Bunny promotion during Easter, and many holiday season materials and sales strategies. Lastly, you have access to expertise in lobby ambiance, layout, flow, and merchandising to help create an optimal customer experience and promote sales of everyday and add-on products.

While we currently do not require you to spend a minimum amount during the franchise term to advertise your Bakery Cafe locally (apart from your Marketing Fund obligation), you must conduct an opening marketing program for the Bakery Cafe (which we must approve) within 4 months after it opens (and spend at least \$12,000). You also must complete before opening the marketing tasks we then require new Great Harvest bakery cafes to complete as part of the designated grand opening marketing program. You will identify a specific marketing plan and tasks that fit your area the best.

We have established a Marketing Fund for advertising, marketing, research, and public relations programs and materials, the purposes of which are to enhance, promote, and protect the Great Harvest brand and franchise system (the “Fund”). You must pay us a monthly marketing fee equal to 2.5% of the Bakery Cafe’s Gross Sales at the same time and in the same manner as the Continuing Fee. Great Harvest bakery cafes that we or our affiliates own will contribute to the Fund on the same percentage basis as franchisees. However, Legacy Franchisees operating under our older forms of Franchise Agreement or taking advantage of past financial incentives (no longer offered) pay no Marketing Fee or a reduced Marketing Fee.

The Fund’s intended activities are local marketing and marketing via social media platforms. We will direct all programs and initiatives the Fund finances, with sole control over the Fund’s activities. However, we intend to spend Fund monies only in a manner benefiting all Great Harvest bakery cafe franchisees, although we need not ensure that any particular Great Harvest bakery cafe benefits directly or in proportion to its Fund contribution from the

implementation of permitted programs and initiatives (i.e., we need not spend a particular amount in your market area).

We will account for the Fund separately from our other funds (although we need not keep Fund contributions in a separate bank account) and not use the Fund for any of our general operating expenses. However, the Fund has the right to reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer the Fund or otherwise provide assistance or services to the Fund; the Fund's administrative costs; travel expenses of personnel while they are on Fund business; meeting costs; overhead relating to the Fund's business; and other expenses we and our affiliates incur in administering or directing the Fund and its programs. The Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Fund or for any other reason.

The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Unused contributions at the end of a year may be rolled over to the following year. We will use all interest earned on Fund contributions to pay costs before using the Fund's other assets. We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request within sixty (60) days after our fiscal year end. We have the right (but no obligation) to have the Fund audited annually, at the Fund's expense, by a certified public accountant. We have the right to incorporate the Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties described here. During the last fiscal year, 64.65% of the Fund's expenditures was for advertising (production and media placement), 29.42% of the Fund's expenditures was for technology-related activities (including website fees, online ordering, loyalty app, point-of-sale monthly fees, and scheduling), and 5.93% of the expenditures was for Convention allowance. The Fund is not used principally to solicit new franchise sales.

We have the right at any time to defer or reduce the Fund contributions of any Great Harvest bakery cafe franchisee and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Fund contributions during the preceding 12-month period.

Currently, an advisory board reviews company initiatives, priorities, and strategies and provides important feedback. This board consists of 6 franchisee members elected by franchisees and no more than 2 at-large positions selected by the existing board and franchise management to ensure the healthy mix of representation (location, sales, length of ownership, product mix, and various other considerations based on need). Franchisees have the power to form, change, or dissolve this board, and we choose when to meet with it.

If you are acquiring your first Great Harvest bakery cafe franchise, at lease signing, we will give you a laptop computer loaded with software for use in your Bakery Cafe (but only if this is your first Bakery Cafe). We do not charge you separately for the laptop. It is loaded with

the following software: Microsoft Office and Great Harvest logos and fonts. We recommend that you use this computer, or one with comparable software and computing capabilities in all respects, and maintain it at your own expense, although you have no specific updating or upgrading obligations. We have no contractual obligation to provide ongoing upgrades, updates, or subscriptions. We will not have direct independent access to the information and data on your computer. We also will not have access to Bakery Cafe employee records, as you control exclusively your labor relations and employment practices. We buy a 3-year maintenance contract. Before the warranty contract expires, you can extend the contract for up to 2 more years at different cost levels. Costs vary between \$275 and \$500 for various lengths and services you select.

You must acquire and use the then-current recommended point-of-sale system for your Bakery Cafe. We estimate the cost at \$10,000. It generates sales, labor, and item count detail. This system integrates with our recommended labor software, the Great Harvest rewards program, and the Great Harvest online ordering platform. We have unlimited, independent access to that system. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates. The supplier's obligations will be determined by its contract with you. There are no specific updating costs or obligations at this time, but you must make sure that the system always is functional. If you are acquiring a franchise for a spoke location, we will not give you a personal computer, but you still must acquire a point-of-sale system.

Franchisees open their bakery cafes, on average, 14 months after signing the Franchise Agreement. Factors affecting this time are the ability to obtain a lease, financing, and building permits; complying with zoning and local ordinances; and delays in installing equipment, fixtures, and signs. You must open your Bakery Cafe within 15 months after the Franchise Agreement's effective date or before the date specified in any Development Rights Rider that we and you signed (unless we grant you an extension). (Franchise Agreement – Section FYP8) You may not open without our prior written permission.

Before and for a few days after the Bakery Cafe opens, we will train you how to operate a Great Harvest bakery cafe. You are entitled to 2 training slots for 2 people. You must send your Bakery Cafe's Certified Manager to all required training programs and may use the second slot to send a manager. If you want more training slots, you currently must pay \$2,500 for each additional slot (based upon availability). You will receive at least 200 working hours of hands-on, person-to-person training from established franchisees, experienced Great Harvest bakery cafe employees, and us. This training includes 3 weeks of training at our office in Dillon, Montana and training at your Bakery Cafe opening (if this is your second or subsequent Bakery Cafe, on-site training at your Bakery Cafe opening will be shorter than for first bakery cafes). We plan to be flexible in scheduling training to accommodate all schedules involved. There currently are no fixed (*i.e.*, monthly or bi-monthly) training schedules except for Baking Fundamentals School, Made-To-Order School, and Bakery Cafe School, which are held bi-monthly. If you do not comply with the Pre-Opening Requirements, you may not receive the full 200-plus working hours. You have the right to ask us for a current copy of the Pre-Opening Requirements before you sign a Franchise Agreement. We will not send the opening training team until you are in compliance.

Everyone attending our required 3-week training program must complete to our satisfaction certain “On-Line Coursework,” which is approximately 40-50 hours of self-study (before attending any required training), before your Bakery Cafe opens. Attendees have the right to participate in the training program after you sign a lease for your Bakery Cafe and after they have completed the On-Line Coursework.

Baking Fundamentals School is 5 full days of production training in Dillon, Montana. This portion of training is to become proficient in bread-making and sweets-making skills. Travel, food, and lodging are at your expense, as are the costs or inconvenience caused by taking time off and should be anticipated as a start-up cost.

Made-To-Order School includes 5 days of hands-on training in our test lab and classroom sessions in Dillon on various topics, such as food safety, pricing, equipment usage and safety, and ingredient control. Although we do not charge for this training, you must pay all lodging, food, and travel expenses.

Bakery Cafe School is 5 full days of in-bakery operations training in Dillon, Montana. This portion of training is to become proficient in all aspects of running a Great Harvest bakery cafe, including learning the pace of production, style at the counter, general bakery systems, sandwich production, marketing, and numbers. On-line coursework, Baking Fundamentals School, and Made-To-Order School are prerequisites for attending Bakery Cafe School. All training attendees also must complete to our satisfaction at least one week of training at your Bakery Cafe at its opening. Your employees also receive this training but do not attend Baking Fundamentals School or Made-To-Order School and need not complete the on-line coursework. (Franchise Agreement – Sections FYP4 and FYP7, Amendment for Additional Bakery Cafe, and Transfer Amendment to Franchise Agreement)

As of October 31, 2021, we provided the following training, which totals 93 hours of classroom training and 200 hours of on-the-job training:

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject ¹	Hours of Classroom Training	Hours of On-The-Job Training	Location
Bread Making and Cafe items (and other products)	79	160	Dillon, Montana
Customer Service	4	20	Dillon, Montana

Column 1	Column 2	Column 3	Column 4
Subject ¹	Hours of Classroom Training	Hours of On-The-Job Training	Location
Promotion/ Marketing	3	10	Dillon, Montana
Location Hunting	2	0	Dillon, Montana
Feedback and Counseling	5	10	Dillon, Montana

1/ All aspects of training are integrated over the program’s course. You will learn about these subjects throughout training.

Our staff, experienced franchisees, and/or experienced employees of Great Harvest bakery cafes administer training. We make sure all trainers have hands-on experience in the subjects they will teach. There are approximately 20 people from our corporate headquarters involved in various aspects of training. These people have anywhere from 1 to over 25 years of experience in our System. If you do not comply with the Pre-Opening Requirements, you may not receive the full 200-plus working hours. We will not send the opening training team until you are in compliance. We use various confidential manuals, start-up materials, videos, and other training aids during the training program.

We do not require your attendance at additional training programs or refresher courses. We hold an annual convention you may attend if you wish. The location changes from year to year. If you attend, you must pay your own expenses and any fee we charge.

Item 12 **TERRITORY**

Your Location and Exclusive Franchise Territory.

You will operate your Bakery Cafe at a specific location. You will submit your selected location(s) for our evaluation and approval. You may not sign a lease for a location we have not approved. When you sign your Franchise Agreement, you will receive an Exclusive Search Territory. We will describe the Exclusive Search Territory on a map attached as an exhibit to the Franchise Agreement before you sign it. Your Bakery Cafe’s location must be within that Exclusive Search Territory. The size of the Exclusive Search Territory depends on your market; there is no minimum or maximum size. The Exclusive Search Territory described on the map will cover cities, counties, or zip codes (or portions of them). The Exclusive Search Territory is not a protected franchise territory. It is just the area within which you must look for your Bakery Cafe’s location. Nevertheless, we will not establish or franchise another Great Harvest Store physically located in the Exclusive Search Territory until your search is finished. There are no

other restrictions on us in your Exclusive Search Territory. Once you sign a lease or purchase a building for your Bakery Café, the Exclusive Search Territory goes away.

After you locate acceptable premises for your Bakery Cafe in the Exclusive Search Territory and sign a lease or buy a building, we will define an Exclusive Franchise Territory surrounding the location and identify it on a map attached to the Franchise Agreement. In most markets, the Exclusive Franchise Territory will encompass a living population of approximately 50,000 people. However, if the proposed Exclusive Franchise Territory reaches a certain size in miles before it encompasses a 50,000 living population (because of a dispersed or unconcentrated population), we may cap the Exclusive Franchise Territory at less than 50,000. While the Exclusive Franchise Territory's precise boundaries will depend on the population's concentration in the particular market, we do not expect an Exclusive Franchise Territory ever to be more than 15 miles in diameter. Your Exclusive Franchise Territory will be smaller than your Exclusive Search Territory because the Exclusive Search Territory is designed only to give you ample area in which to look for an acceptable Bakery Cafe site. It is not intended to give you any protection once you have found your Bakery Cafe site.

We will not establish or franchise another Great Harvest Store having its physical location within the Exclusive Franchise Territory. There are no other restrictions on our business activities. That means we (and any affiliates we have) are totally free (1) to develop or franchise additional Great Harvest Stores having their physical locations anywhere we want outside your Exclusive Franchise Territory (including near the boundary of your Exclusive Franchise Territory), though subject to any rights you might have under a Development Rights Rider (see below), and (2) to engage in, and allow others to engage in, any product distribution and other business activities through any and all distribution channels, whether located or operating inside or outside your Exclusive Franchise Territory, any time we want, whether or not those activities compete with your Bakery Cafe.

Continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Exclusive Franchise Territory during the Franchise Agreement term. However, we may change the Exclusive Franchise Territory's size when you renew your franchise rights or transfer ownership of the Bakery Cafe. [We have the right to modify the existing territories of Legacy Franchisees who choose to exchange their existing franchise agreements for our new form of Franchise Agreement.] Except as described below, you have no options, rights of first refusal, or similar rights to acquire additional franchises.

We must pre-approve relocation of your Bakery Cafe, although approval is not guaranteed. We have the right to condition relocation on the following: (a) the new location is acceptable to us; (b) you agree to the new exclusive franchise territory definition; (c) you pay us a reasonable relocation fee; (d) you confirm that the Franchise Agreement remains in effect and governs the Bakery Cafe's operation at the new location with no change in the term or, at our option, you sign our then current form of franchise agreement to govern the Bakery Cafe's operation at the new location for a new franchise term; (e) you sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents; (f) you continue to operate the Bakery Cafe at its original location until

we authorize its closure; and (g) you take, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Bakery Cafe's former location so it no longer is associated in any manner (in our opinion) with the Great Harvest System.

Development Rights Rider

You have the right (if you qualify) to develop and operate a number of Great Harvest bakery cafes within a specific area (the "Area"). We and you will identify the Area in the Development Rights Rider before signing it. The Area typically is a city, cities, or other political subdivisions. We base the Area's size primarily on the number of Great Harvest bakery cafes you agree to develop, demographics, and site availability. We and you will negotiate the number of Bakery Cafes you must develop, the dates by which you must develop them, and the dates by which you must sign each franchise agreement in order to keep your development rights. We and you then will complete the schedule in the Development Rights Rider before signing it. Great Harvest bakery cafes that you (or your affiliates) are permitted to operate at Restricted Venues (defined below) physically located in the Area do not count toward your compliance with your development schedule.

While the Development Rights Rider is in effect, we (and our affiliates) will not, except in the situations described below, establish and operate or grant to others the right to establish and operate Great Harvest Stores having their physical locations within the Area. Because of our rights with respect to the "Restricted Venues" described below, you will not receive an exclusive territory under the Development Rights Rider. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not develop or operate Great Harvest bakery cafes outside the Area. We have the right to terminate the Development Rights Rider if you do not satisfy your development obligations when required. We will accept the proposed locations of your additional Bakery Cafes only if they meet our then current standards for bakery cafe sites.

This paragraph describes our rights with respect to Restricted Venues. If:

- we become aware during the Development Rights Rider term of one or more opportunities to establish and operate a Great Harvest bakery cafe at a location within the Area for which that location's owner or manager sets financial, experience, or organizational standards for an acceptable operator (for example, a national or multi-regional concessionaire) that you do not and cannot satisfy when the opportunity becomes available; or
- the location is a Non-Traditional Venue (which is defined to mean a hospital or medical center, airport, public or private school, university or college campus, airport terminal, train or bus station, convention center, exhibition hall, amusement park, fairground, sports arena, military base, state or national park, hotel, lodge, country club, social club, resort, casino, theater, or similar venue) (the locations referenced in these 2 bullet points are referred to collectively as "Restricted Venues"),

then we (or our affiliates) have the right to pursue the opportunity for that Restricted Venue and establish, or franchise or license another to establish, a Great Harvest bakery cafe at that Restricted Venue. Our, our affiliate's, or another franchisee's or licensee's development and operation of a Great Harvest bakery cafe at a Restricted Venue in the Area does not count toward your compliance with your development schedule. As noted above, Great Harvest bakery cafes that you (or your affiliates) are permitted to operate at Restricted Venues physically located in the Area likewise do not count toward your compliance with the development schedule. Except for our rights with Restricted Venues, we will not establish and operate or grant to others the right to establish and operate Great Harvest bakery cafes having their physical locations within the Area.

Despite your development schedule under the Development Rights Rider, we have the right to delay your development and/or opening of a Bakery Cafe within the Area for the time period we deem best if we believe, when you apply for that next Bakery Cafe, or after you (or your approved affiliate) have developed and constructed but not yet opened a particular Bakery Cafe, that you (or your approved affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Bakery Cafe according to our standards and specifications. We have the right to delay the additional development and/or a Bakery Cafe's opening as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Except as described above, you have no options, rights of first refusal, or similar rights to acquire additional franchises, continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Area during the Development Rights Rider term.

Off-Premises Product Sales.

You may not knowingly wholesale your baked products to outlets located within another Great Harvest Store's territory (however defined). Except for your catering activities, you must limit your off-premises product sales only to wholesale accounts that sell the products with a Great Harvest label and meet the following category descriptions: farmer's markets, restaurants, co-operatives, specialty foods retailers, and other retailers offering their products in a specialty retail environment. Examples of these acceptable specialty retailers include Whole Foods, Wild Oats, and Fresh Fields. You must not establish wholesale accounts meeting the following category descriptions: conventional grocery stores (such as Kroger's, Safeway, Albertsons, and Harris Teeter), convenience stores, discount clubs, and discount outlets (such as Sam's Club and Wal-Mart). We have the right to permit a wholesale account with a conventional grocery store if there are no acceptable specialty retailers in your Exclusive Franchise Territory and you confirm with the grocery store that your product will not be sold through other grocery stores in the chain outside your Exclusive Franchise Territory.

Mail-order and similar sales present a special case. Any mail-order or similar sale greater than 10 loaves per month to a single address is considered the same as wholesale. However,

customers or others who would like to buy their bread on a less-than-10-loaves per month basis are a type of mail-order business that is unrestricted in the Great Harvest System.

Except as described above, you have the right to use other distribution channels, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales under the Great Harvest Marks.

The information above describes the business rights under the Great Harvest System that we and other franchisees retain in your Exclusive Franchise Territory to (1) solicit or accept orders from consumers inside your Exclusive Franchise Territory and (2) use other distribution channels, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Exclusive Franchise Territory under the Great Harvest Marks. While we have the right to do so, we have not established and presently do not intend to establish other franchises or company-owned outlets or another distribution channel, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales of products or services within your Exclusive Franchise Territory under different trademarks. No compensation is due to you for the activities described above.

Depending on your Bakery Cafe’s location and your Exclusive Franchise Territory’s size, the geographic scope of your permitted off-premises activities might be impacted by the pre-existing territorial rights of other nearby franchisees. We will identify any relevant pre-existing territorial rights before you sign the Franchise Agreement.

Item 13
TRADEMARKS

You have the right to use certain Marks in operating your Bakery Cafe. Our principal Marks are:

MARK	REGISTRATION NUMBER	DATE ISSUED	AFFIDAVITS OF USE AND (WHERE APPLICABLE) INCONTESTABILITY FILED?
“Great Harvest Bread Co.®”	1,861,078	11/01/1994	Yes
“Great Harvest Bread Co.®” with windmill design	2,170,901	07/07/1998	Yes
“Great Harvest Bread Co.®” and Field and Windmill Design in black and white and color	1,920,003	09/19/1995	Yes
	2,176,254	07/28/1998	Yes
	2,176,229	07/28/1998	Yes
“Great Harvest Bread Co.®” (new letter style)	2,170,921	07/07/1998	Yes

MARK	REGISTRATION NUMBER	DATE ISSUED	AFFIDAVITS OF USE AND (WHERE APPLICABLE) INCONTESTABILITY FILED?
“Great Harvest Bread Co.®” (for restaurant services)	2,506,449	11/13/2001	Yes
“Great Harvest Bread Co.®” with Windmill Design (for restaurant services)	2,318,706 2,509,676	02/15/2000 11/20/2001	Yes
“Be loose and have fun. Bake phenomenal bread. Run fast to help customers. Create strong & exciting bakeries. And give generously to others.®”	3,061,696	02/28/2006	Yes
“Freedom Franchise®”	3,282,875	08/21/2007	Yes
“Great Harvest®”	3,632,019	06/02/2009	Yes
“Be loose and have FUN! Bake <i>phenomenal</i> bread. Run fast to serve others & GIVE generously.®”	4,766,954 4,766,955	07/07/2015 07/07/2015	Yes
“Bread. The Way it Ought To Be.®”	4,862,062	12/01/2015	Yes

The Marks, which cover bakery cafe operations and products, are registered on the Principal Register of the United States Patent and Trademark Office (USPTO). We have renewed all registrations that have come up for renewal and intend to renew the other registrations when they come up for renewal.

You also have the right to use the following Mark appearing on the cover page of this disclosure document:



We do not have a federal registration for this combination word/design Mark. Therefore, our trademark does not have many legal benefits and rights as a federally-registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. However, as noted above, we already have a federal

registration for the “Great Harvest” Mark and the “Great Harvest Bread Co.®” with windmill design combination Mark.

You must follow our rules when you use the Marks. You may not use any Mark (1) as part of a corporate name, if you incorporate, (2) with modifying words, designs, or symbols, (3) in selling unauthorized products or services, (4) as part of any website, homepage, domain name, or electronic address you maintain on the Internet or any other similar proprietary or common carrier electronic delivery system, unless we agree in writing to allow that use, or (5) in any other manner we have not authorized in writing. You must put a link to our website on any website we allow you to maintain for your own Bakery Cafe. If you are complying with our current website standards, we will put a link to your Bakery Cafe’s website on our public website. To the extent you use, with our permission, any Great Harvest trademarks in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of Bakery Cafe employees and that we, as the franchisor of Great Harvest Stores, are not their employer or joint employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

We have the right to approve in writing specific non-bread food products and other products for sale in your Bakery Cafe displaying one or more of the Great Harvest Marks. All of these products must meet our highest-quality standards; their selection is in our sole discretion. Display of our Marks, including the design of any product labels or packaging, is subject to our review and approval. We have the right to disapprove any product that we previously approved and remove it from products that may be sold in your Bakery Cafe.

You must notify us immediately when you learn about a possible infringement of our Marks. We will take the action we think appropriate (which might be no action). We have the right to control exclusively any litigation or other proceeding resulting from any infringement, challenge, or claim concerning our Marks. We need not protect your right to use the principal Marks or protect you from a claim based on your use of the Marks. However, our policy is actively to police and defend our Marks and other intellectual property.

If we change the Marks, you must update all displays of the changed mark in your business immediately as you use up old materials and order new materials. You must pay for the changes. However, we will not require you to purchase new exterior signs to accommodate a change in the logo design. If you propose to transfer your Bakery Cafe, we have the right to require the buyer to purchase new signs. If you want to order a new exterior sign or buy one from an existing franchisee, you must receive our prior written approval.

There currently are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. No agreement limits our right to use or license the Marks.

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

The Development Rights Rider does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us.

Item 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We claim copyrights in our Confidential Start-Up Materials and other manuals, printed materials, newsletters, software, video and audio media, and similar items used in operating Great Harvest Stores. We have not registered these copyrights with the United States Copyright Office but need not do so to protect them. You have the right to use these items only as we specify while operating your Bakery Cafe.

There currently are no effective determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow you to use the copyrighted materials. We do not actually know of any infringing uses that could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we reserve the right to do so if we believe it is in our System's best interests. You must notify us of any copyright infringements of which you are aware. We have the right to control all proceedings involving copyrights. We need not participate in your defense of, or indemnify you for expenses incurred in, a copyright proceeding.

Our Confidential Start-Up Materials and manuals, Opening Guidelines, and other materials contain our trade secrets and other confidential information, including all recipes and their measurements; all bread making processes, techniques, skills, temperatures, and timing; all baking forms and systems; all details of our bread-making theory or practice; oven systems; ingredient standards; wheat standards; ingredient supplier lists; wheat suppliers; equipment standards; special uses of equipment not commonly known outside our System; equipment supplier lists; all details of our unique breadboard theories and practices; breadboard training rules; all details of our unique bakery cafe management theories and practices; our training methods; all bakery cafe management forms and systems; build-out specifications; all details of location hunting theory or practice; location search kits; tracking lists; all details of our unique franchising theories and practices; all proprietary aspects of our sandwich and coffee programs; all proprietary newsletters; all audio/visual training tapes; all candidate information; and any other information or materials concerning the art of bread making. Any of your innovations will be available to all Great Harvest Insiders (described in Item 15) and become our property for the benefit of the System as a whole.

You and your owners may not use our trade secrets or confidential information in an unauthorized manner and must take reasonable steps to prevent their disclosure to unauthorized parties.

We have created an Intranet, which is a website for the exclusive use of our franchisees and other Signed Great Harvest Insiders. Use of this “Extranet” site is available to those signing an agreement concerning the confidential information posted on the site and receiving a password. No one in your organization may access the site unless that person signs the appropriate Confidentiality Agreement.

The Development Rights Rider does not grant you rights to use any intellectual property. These rights arise only under Franchise Agreements you sign with us.

Item 15
**OBLIGATION TO PARTICIPATE IN THE
ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Your main Certified Manager must attend and successfully complete all required training programs. That may be you, one of your owners (if you are a legal entity), and/or a Certified Manager. We recommend (but do not require) your on-premises participation in operating the Bakery Cafe. We do not restrict your hiring decisions. However, anyone with access to our confidential information must sign a form of confidentiality and (for management-level employees) reasonable non-competition agreement we pre-approve to protect our confidential information and the competitiveness of Great Harvest bakery cafes. On-premises supervisors need not have an equity interest in you. You may not disclose our confidential information to anyone who is not a “Signed Great Harvest Insider.” Signed Great Harvest Insiders are any Great Harvest Store owner whose signature is on an effective Franchise Agreement or Guaranty Agreement, any of our employees, or any Great Harvest bakery cafe employee who has signed an approved form of confidentiality and (for management-level employees) non-competition agreement. Under no circumstances will we control the forms or terms of employment agreements you use with Bakery Cafe employees or otherwise be responsible for your labor relations.

If you are a legal entity, your owners must personally guarantee your obligations under the Franchise Agreement and agree personally to comply with the Agreement’s non-competition and confidentiality obligations. This “Guaranty Agreement” is Exhibit J. A spouse of any of your owners need not sign the Guaranty Agreement unless he or she also is an owner.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You generally have freedom to make decisions about the goods and services you will offer, although Section C13 of the Franchise Agreement states that you cannot sell more than 3 bushels of Great Harvest wheat per month to the same customer. While we recommend the products we think you should carry, you need not follow our recommendations. You must immediately cease selling any non-bread food products displaying our Marks that we disapprove in writing. We never have disapproved products closely related to whole wheat and bread making and approve new preparation methods and ingredients if the finished product’s quality either improves or remains the same. There are no limits on our right to change the types of authorized products and services, but, again, you need not follow our recommendations.

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 or other agreement	Summary
a. Length of the franchise term	C-20 of Franchise Agreement and 2 and 3 of Development Rights Rider	Franchise Agreement: 10 years Term of Development Rights Rider depends on development obligations.
b. Renewal or extension of the term	C-23 of Franchise Agreement	Franchise Agreement: If you are in good standing, you may renew franchise for our then-current term (typically 10 years). No renewal or extension of Development Rights Rider.
c. Requirements for franchisee to renew or extend	C-23 of Franchise Agreement	You must not be in default under your Franchise Agreement and must sign then-current Franchise Agreement on or before renewal date; comply with our renewal process; sign general release (subject to state laws); and pay fee (if you need 90-day extension to complete renewal process). Terms of the new Franchise Agreement you sign upon renewal may differ materially from any and all terms contained in your expiring Franchise Agreement, including continuing fee, marketing fee, and definition of Exclusive Franchise Territory. However, if you do not breach any of your obligations (including payment obligations) under your first Franchise Agreement during the 3 years before its scheduled expiration date, your continuing fee, marketing fee, and Exclusive Franchise Territory during the renewal term will be the same as

Provision	Section in franchise or other agreement	Summary
		<p>during the original term.</p> <p>Legacy Franchisees may extend or renew their existing franchise agreements (i.e., signed before January 2017) at their scheduled expiration dates (if the Legacy Franchisees otherwise are in compliance with the renewal conditions). They need not sign our then-current form of franchise agreement as a condition of renewal.</p>
d. Termination by franchisee	FYP-13 of Franchise Agreement	Any time before you open your Bakery Cafe.
e. Termination by franchisor without cause	FYP-13 of Franchise Agreement	Any time between Franchise Agreement’s effective date and 30 days after completion of Bakery Cafe School.
f. Termination by franchisor with cause	C-24 of Franchise Agreement and 8 of Development Rights Rider	<p>Except as described in (e) above, we may terminate only if you or your owners default.</p> <p>While termination of Development Rights Rider does not impact any then-effective franchise agreement, termination of a franchise agreement entitles us to terminate the Development Rights Rider.</p>
g. “Cause” defined — curable defaults	C-24 of Franchise Agreement	<p>You have 3 days to cure health, safety, or sanitation-law violations and 30 days to cure monetary and operational defaults (other than those listed in (h) below) and unsatisfied judgments.</p> <p>If we notify you in writing of a curable default and you do not give us written notice within 7 days of your intent to cure that default, or you ultimately fail to cure default within applicable cure period, or if we notify you in writing of a non-curable default, then even if you are not terminated, we and our affiliates have right (without liability) to consult with</p>

Provision	Section in franchise or other agreement	Summary
		<p>“Interested Parties” (defined as suppliers, landlords, leasing agents, property managers, creditors, and other parties with whom you, we, our affiliates, or other franchisees deal) about your account status with them and us and to advise those Interested Parties that you are in default under any agreement with us or our affiliates and details about your opportunity to cure, if applicable. Our good-faith communications with Interested Parties to protect our business interests and our System’s goodwill in connection with a possible change in status of our franchise relationship with you (whether a termination or transfer) do not constitute tortious interference with contract or business relationships and otherwise are not unlawful or inappropriate in any way. By signing the Franchise Agreement, you waive your right to allege tortious interference.</p> <p>While termination of Development Rights Rider does not impact any then-effective franchise agreement, termination of a franchise agreement entitles us to terminate the Development Rights Rider.</p>
<p>h. “Cause” defined — non-curable defaults</p>	<p>C-24 of Franchise Agreement and 8 of Development Rights Rider</p>	<p>Non-curable defaults include abandonment; surrender of Bakery Cafe; unapproved transfers; conviction of felony; conviction of crime (other than felony) or engaging in conduct adversely affecting our reputation and Marks; unauthorized use or disclosure of our confidential information; repeated defaults (even if cured); insolvency; assignment for benefit of creditors; failure to open Bakery Cafe within 15 months (or earlier date specified in Development Rights Rider); failure to cure defaults under third-party agreements if that adversely affects</p>

Provision	Section in franchise or other agreement	Summary
		<p>our reputation and Marks; closure by government authorities; uncured default under your lease; opening additional location without our prior written permission; misrepresenting any material fact in writing; failure to pay continuing fees or other payments owed us; intentionally understating Gross Sales; or purchasing less than 100% of the wheat used in your Bakery Cafe from our approved suppliers.</p> <p>We may terminate Development Rights Rider if you do not meet development schedule or other obligations; if Franchise Agreement or another franchise agreement between us and you (or your approved affiliate) is terminated by us for cause or by you for any reason; or we have delivered notice of default to you (or your approved affiliate) under Franchise Agreement or another franchise agreement (whether or not default is cured). However, termination of Development Rights Rider does not impact any then-effective franchise agreement.</p>

Provision	Section in franchise or other agreement	Summary
i. Franchisee’s obligations on termination/nonrenewal	C-25 of Franchise Agreement	Obligations include complete de-identification (including detailed de-identification plan); paying all amounts due; satisfying gift-card liability; selling us your inventory of items bearing our Marks or prepared according to our trade secret specifications (if we want to buy them); returning proprietary materials; discontinuing use of Great Harvest System and trade secrets; allowing us to inspect any business that sells bread; changing all references to us or our System in your telephone numbers and directory listings; complying with our domain name transfer procedures; and notifying us if you intend to sell any baked products within 2 years after termination or expiration of Franchise Agreement (also see (o) and (r) below).
j. Assignment of contract by franchisor	Not Applicable	No provision on our right to assign.
k. “Transfer” by franchisee — defined	C-22 of Franchise Agreement	Includes transfer of Franchise Agreement or Bakery Cafe’s assets and ownership change.
l. Franchisor approval of transfer by franchisee	C-22 of Franchise Agreement, 9 of Development Rights Rider, and Transfer Amendment to Franchise Agreement	Franchise Agreement: We first must approve all transfers but will not unreasonably withhold approval. Your development rights under the Development Rights Rider are not assignable at all.
m. Conditions for franchisor approval of transfer	C-22 of Franchise Agreement and Transfer Amendment to Franchise Agreement	You are in full compliance with your obligations to us and others; your Bakery Cafe is open; new franchisee qualifies; defaults cured; transfer fee paid; application process and training completed; you pay us all amounts due; you send us all required reports; all our confidential information returned to us; transferee signs our then-current franchise

Provision	Section in franchise or other agreement	Summary
		<p>agreement, any and all provisions of which may differ materially from any and all those contained in your Franchise Agreement (except that continuing fee, marketing and technology fee, and Exclusive Franchise Territory definition will remain same as in your Franchise Agreement and term of new franchise agreement will equal your Franchise Agreement's unexpired term); we approve your then-current signage (or else buyer will need to make changes); transferee fully assumes liabilities for gift cards, gift certificates, and other customer offers; you agree to disclose to transferee any domain names you maintain; guarantees signed; transferee does not compete with us; and you sign release (if state law allows) (also see (r) below).</p> <p>Legacy Franchisees selling their existing bread companies covered by franchise agreements signed before January 2017 have the right to assign their existing franchise agreements to the buyers of their business assets (if the transaction satisfies the franchise agreement's transfer conditions). The buyer of that Legacy Franchisee's bread company need not sign our then-current form of franchise agreement as a condition of transfer.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	C-22 of Franchise Agreement and Transfer Amendment to Franchise Agreement	We may match any offer for your Bakery Cafe (including its physical structure) or ownership interest in you or entity that controls you.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	C-25 of Franchise Agreement and Transfer Amendment to Franchise Agreement	We may buy Bakery Cafe's assets (including its physical structure) at fair market value and take over site after Franchise Agreement is terminated or expires (without renewal).
p. Death or disability of franchisee	C-22 of Franchise Agreement	Transfer of Bakery Cafe to approved party within reasonable time (which may include qualified heirs and beneficiaries).
q. Non-competition covenants during the term of the franchise	C-17 of Franchise Agreement	No direct or indirect ownership interest in, or performing services for, any business that competes (as defined in Franchise Agreement) with Great Harvest Stores (i) within your Exclusive Franchise Territory or a 5-mile radius of the outer boundary of your Exclusive Franchise Territory (if your Bakery Cafe is not open), (ii) at or within 10 miles of your Bakery Cafe (if your Bakery Cafe is open), or (iii) within 10 miles of another Great Harvest Store open as of the Franchise Agreement's effective date.
r. Non-competition covenants after the franchise is terminated or expires	C-18 and C-25 of Franchise Agreement	Same as (q) above for 2 years (including after assignment); you must pay liquidated damages equal to maximum Continuing Fee due under your Franchise Agreement during period you violate these non-competition provisions; we may inspect your business during this time period (if it sells bread products) to make sure you are complying with obligations.
s. Modification of the agreement	C-30 and C-33 of Franchise Agreement	No modifications generally, but we may change start-up materials, operations manual, internal policies, standards, specifications, and procedures.
t. Integration/merger clause	C-33 of Franchise Agreement	Only Franchise Agreement terms are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

Provision	Section in franchise or other agreement	Summary
u. Dispute resolution by arbitration or mediation	C-32 of Franchise Agreement	Franchise Agreement anticipates that parties arbitrate all disputes (in your home state or city if possible).
v. Choice of forum	C-30 and C-32 of Franchise Agreement	Subject to arbitration obligation (which generally will occur in your state), litigation must be in Montana (subject to state franchise laws).
w. Choice of law	C-30 of Franchise Agreement	Montana law applies except for federal law and your state’s non-competition laws (subject to state franchise law).

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The average and median historical sales numbers appearing in Charts 1 and 2 below are “gross numbers” and do not reflect costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should independently investigate the costs and expenses you will incur in operating your Bakery Cafe. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

Chart 3, however, does describe system average costs for certain new concept bakery cafes and hub-and-spoke combinations operated by franchisees during the calendar year ended December 31, 2020, the most recent year for which we have their actual results.

The bakery cafes described below are substantially similar to the bakery cafe franchises we now offer in all states. All of these franchised bakery cafes are owner-managed and receive substantially the same services. We obtained all financial information from reports submitted by the franchised bakery cafes. We have not independently audited those reports.

As described in Item 1 of this disclosure document, there historically have been 6 principal types of Great Harvest Stores: (1) a traditional Great Harvest bread company baking bread and other products for retail sale; (2) a traditional Great Harvest bread company that has added sandwiches to its menu with limited seating but without 2 customer restrooms; (3) a single-site, bread-baking Great Harvest “bakery cafe” with some seating and a menu that includes sandwiches; (4) a multi-unit operation where 2 or more locations described in (3) above owned by the same franchisee work together, with one location baking bread and then supplying it to the other locations; (5) a “new concept” Great Harvest bakery cafe distinguished by permanent seating for 35 or more people, 2 customer restrooms, and a menu that includes breakfast sandwiches, cold and hot sandwiches, baked goods, salads, and coffee; and (6) a “new concept “hub-and-spoke” with the primary “hub” location baking bread and other products to supply the “spoke” locations with the baked goods that supplement the cafe products made in the spoke(s) and at least one of the Great Harvest bakery cafes meets the “new concept” definition outlined in (5). We currently offer franchises only for Great Harvest bakery cafes operating as single-site, new concept bread-baking bakery cafes (described in (5) above) or, if the franchisee intends to have a “hub-and-spoke” operation (described in (6) above), Great Harvest bakery cafes that are bread-baking (“hub”) locations and non-bread-baking (“spoke”) locations. Depending on local market conditions, however, we may offer franchises for “new concept” bakery cafes even if they cannot have 35 permanent seats or all the standard features of the “new concept” bakery cafe.

The bakery cafes whose results are displayed in Chart 1 represent the new format bakery cafes that were open during all of calendar year 2021. There are 32 bakery cafes represented in this chart (see footnote 1).

Chart 1 below shows the average and median annual Gross Sales for the 12 months ended December 31, 2021, for the Great Harvest bakery cafes falling into the following categories (left to right) (A) a single-site, new concept bakery cafe described in (5) above, and (B) a new concept hub-and-spoke described in (6) above. “Gross Sales” means the sales of all products, goods, services, and wares, whether for cash or on a charge, credit, or time basis, in connection with the bakery cafe’s operation; Gross Sales do not include sales taxes collected from customers.

Column (A) includes 32 single-site, new concept bakery cafes. Column (B) includes 5 sets of new concept hub-and-spoke bakery cafes (a total of 10 bakery cafes). The 32 single-site, new concept bakery cafes do not include any new concept bakery cafes that are part of a hub-and-spoke combination. Similarly, Column (B) showing hub-and-spoke combinations does not include any of the 32 single-site, new concept bakery cafes.

[Chart 1 appears on next page]

CHART 1

*Great Harvest Bread Cos.
Average and Median Sales by Category of Bakery Cafe*

For the Twelve Months Ended December 31, 2021

	(A)	(B)
	<u>Single-Site Bakery Cafe (New Concept)</u>	<u>Hub-and-Spoke (New Concept)</u>
Average Annual Gross Sales	\$797,293	\$1,600,515
Median Annual Gross Sales	\$689,497	\$1,560,596
No. of Bakery Cafe Locations	32	5 sets (10 total)

See Footnote 2

Chart 2 below shows the average and median annual Gross Sales for the 12 months ended December 31, 2021, only for the Great Harvest bakery cafes that we consider to be new concept hub-and-spoke bakery cafe combinations (described in (6) at the beginning of this Item), separated into the following 2 categories of bakery cafes: (A) all bread-baking (hub) new concept locations that have 1 related non-bread-baking (spoke) location (although the results of the spoke locations are not included in Column (A)); and (B) all non-bread-baking (spoke) new concept locations by themselves (the results of the related hub locations are not included in Column (B)).

[Chart 2 appears on next page]

CHART 2

*Great Harvest Bread Cos.
Reported New Concept Hub-and-Spoke Bakery Cafe Locations*

For the Twelve Months Ended December 31, 2021

	(A)	(B)
	<u>All Hubs (New Concept)</u>	<u>All Spokes (New Concept)</u>
Average Annual Gross Sales	\$1,012,881	\$587,635
Median Annual Gross Sales	\$1,059,490	\$637,174
No. of Bakery Cafe Locations Included	5	5

See Footnote 3

[Chart 3 appears on next page]

Chart 3 represents the operating results from reporting new concept bakery cafes, by category, that submitted their income statements for the 2020 calendar year.

CHART 3

*Great Harvest Bakery Cafes
Average Operating Results*

	Column A: Average for Bakery Cafes with single locations (20 reporting Bakery Cafes – See footnote 4)		Column B: Average for New Concept Hub-and-Spoke Bakery Cafes (5 Reporting Bakery Cafes with 10 locations – See footnote 4)	
	Fiscal Year 2020 Average	Percent of Average Gross Sales	Fiscal Year 2020 Average	Percent of Average Gross Sales
Gross Sales (Highest sales for a Bakery Cafe in Column A and a Hub-and-Spoke combination in Column B were \$2,538,002 and \$2,263,281, respectively. The lowest sales for those in Column A and Column B were \$317,373 and \$1,077,531, respectively.)	\$811,455	100.0%	\$1,463,994	100.0%
	Median: \$710,496	100.0%	Median: \$1,307,835	100.0%
Operating Expenses, before bread company owners' pay, depreciation, amortization, interest, and taxes:				
Variable costs (consists of ingredients, labor before bread company owners' pay, supplies, promotion, and royalty to franchisor, ranging from 1.5% to 7% of Gross Sales)	\$530,402	65.57%	\$1,015,553	69.37%
	Median: \$494,969	65.53%	Median: \$928,021	63.39%
Fixed Costs (consists of rent, utilities, and other operating costs)	\$139,392	18.60%	\$269,442	18.40%
	Median: \$127,487	17.79%	Median: \$271,501	18.55%
Total operating expenses (excludes bread company owners' pay, depreciation, amortization, interest, and taxes)	\$670,249	85.27%	\$1,284,975	87.77%
	Median: \$623,816	87.80%	Median: \$1,148,579	78.76%
Net operating income before bread company owners' pay, depreciation, amortization, interest, and taxes	\$141,247	17.40%	\$227,007	15.05%
	Median: \$138,552	17.07%	Median: \$226,002	15.43%

See Footnotes 5 and 6

Item 19 Footnotes

- 1) Chart 1 excludes (a) 6 bakery cafes that opened in 2021 and therefore were not open and operating for the full 12-month period ended December 31, 2021, and (b) 4 of the 6 bakery cafes that opened in 2020 (and were open during all of 2021) that are “non-traditional” in format (i.e., take-out only) and therefore do not meet the traditional definition of a new concept bakery cafe for which we are offering franchises in this disclosure document.
- 2) The bakery cafes whose annual Gross Sales for the year ended December 31, 2021, are represented in Chart 1 were open and operating for the full 12-month period ended December 31, 2021, and reported their sales to us.

Of the 32 bakery cafes noted in Column (A) of Chart 1, all were single-site, new concept bread-baking locations without any related non-bread-baking (spoke) bakery cafe locations. Of this total 32, 15 (or 47%) exceeded the annual average Gross Sales of \$797,293.

Of the 5 sets of new concept hub-and-spoke bakery cafes noted in Column (B) of Chart 1, 2 sets (or 40%) exceeded the annual average Gross Sales of \$1,600,515. The median Gross Sales for the 12-month period ended December 31, 2021, represent the sales volume where 50% of the bakery cafes have higher Gross Sales and 50% of the bakery cafes have lower Gross Sales for the year.

Of the 32 bakery cafes noted in Column (A) of Chart 1, the highest sales volume was \$2,538,002, and the lowest sales volume was \$150,966. Of the 5 sets of new concept hub-and-spoke bakery cafes noted in Column (B) of Chart 1, the highest sales volume was \$2,263,183, and the lowest sales volume was \$1,166,799.

- 3) The bakery cafes whose annual Gross Sales for the year ended December 31, 2021, are represented in Chart 2 were open and operating for the full 12-month period ended December 31, 2021 and reported their sales to us.

All of the hub bakery cafes noted in Chart 2 were paired with a spoke bakery cafe for which they supplied bread. All of the spoke operations noted in Chart 2 received bread from the hub bakery.

Column (A) discloses the average Gross Sales of the 5 new concept hub locations but excludes the Gross Sales of their related 1 non-bread-baking (spoke) locations. Of this total of 5 hub locations, 3 (or 60%) exceeded the annual average Gross Sales of hub locations of \$1,012,881.

Column (B) discloses the average Gross Sales of the 5 spoke locations but excludes the Gross Sales of their related bread-baking (hub) locations. Of this total of 5 spoke locations, 3 (or 60%) exceeded the annual average Gross Sales of spoke locations of \$587,635.

The median Gross Sales for the 12-month period ended December 31, 2021, represent the sales volume where 50% of the bakery cafes have higher Gross Sales and 50% of the bakery cafes have lower Gross Sales for the year.

Of the 5 new concept hub locations noted in Column (A) of Chart 2, the highest sales volume was \$1,341,410, and the lowest sales volume was \$691,422. Of the 5 new concept spoke locations noted in Column (B) of Chart 2, the highest sale volume was \$921,733, and the lowest sales volume was \$279,645.

- 4) Numbers presented in Chart 3 have not been adjusted to conform to the accounting practices that each bakery cafe uses.

In 2020, there were 20 single-site, new concept bakery cafe bread-baking locations without any related non-breadbaking (spoke) locations that submitted the necessary reports to us in order for us to present the information in Chart 3. Of these 20 single-site locations, (i) 8, or 40%, exceeded the average sales volume of \$811,455, (ii) 6, or 30%, exceeded the average variable costs of \$530,402, (iii) 5, or 25%, exceeded the average fixed costs of \$139,392, (iv) 7, or 35%, exceeded the average total operating expenses of \$670,249, (v) 9, or 45%, exceeded the average net operating income (profitability in dollars) of \$141,217, and (vi) 13, or 65%, exceeded the average net operating income (profitability as a percentage of sales) of 17.40%.

In 2020, there were 10 new concept bakery cafes consisting of 5 sets of 1 bread-baking (hub) location with 1 non-bread-baking (spoke) location each. Of these 5 sets, (i) 2, or 40%, exceeded the average sales volume of the 5 sets of \$1,463,994, (ii) 2, or 40%, exceeded the average variable costs of the 5 sets of \$1,015,553, (iii) 3, or 60%, exceeded the average fixed costs of the 5 sets of \$269,442, (iv) 2, or 40%, exceeded the average total operating expenses of the 5 sets of \$1,284,995, (v) 2, or 40%, exceeded the average net operating income (profitability in dollars) of \$227,007, and (vi) 2, or 40%, exceeded the average net operating income (profitability as a percentage of sales) of 15.05%.

- 5) In Chart 3, numbers presented in the hub-and-spoke column include 2 sets where the owners paid the managers a significant six-figure salary so they could work less and 2 sets where the owners maintained separate full time jobs.
- 6) As of December 30, 2020, there were 34 single-site, new concept bakery cafes. Five were excluded because they had not been open and operating for a full year as of December 30, 2020. An additional 9 bakery cafes were excluded because they failed to submit the necessary reports to us in order for us to present the information in Chart 3.

Some Great Harvest bakery cafes have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Written substantiation for this financial performance representation will be made available to you upon reasonable request. This financial performance representation was prepared without an audit.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Christine Koch, Great Harvest Franchising, Inc., 28 South Montana Street, Dillon, Montana 59725, (800) 442-0424, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of December 31 in each year. The first 5 tables reflect system-wide information covering all Great Harvest Stores, regardless of type. The second set of 5 tables only covers Great Harvest bakery cafes that we consider to be a new concept bakery cafe (whether a single-site location or part of a hub-and-spoke combination).

Table No. 1

Systemwide Outlet Summary
For years 2019 to 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	182	173	-9
	2020	173	171	-2
	2021	171	168	-3
Company- Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	2019	183	174	-9
	2020	174	172	-2
	2021	172	169	-3

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019 to 2021**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2019	1
	2020	2
	2021	0
Georgia	2019	3
	2020	0
	2021	0
Idaho	2019	0
	2020	0
	2021	3
Illinois	2019	1
	2020	0
	2021	0
Maryland	2019	0
	2020	0
	2021	1
Michigan	2019	1
	2020	0
	2021	1
Minnesota	2019	1
	2020	1
	2021	0
Montana	2019	0
	2020	0
	2021	2

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Nevada	2019	1
	2020	0
	2021	0
North Carolina	2019	1
	2020	1
	2021	0
Oklahoma	2019	1
	2020	0
	2021	0
Oregon	2019	1
	2020	0
	2021	0
Rhode Island	2019	1
	2020	0
	2021	0
Texas	2019	1
	2020	1
	2021	1
Utah	2019	1
	2020	0
	2021	3
Wisconsin	2019	0
	2020	0
	2021	1
Total	2019	14
	2020	5
	2021	12

Table No. 3

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

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Alaska	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Arizona	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
California	2019	4	0	0	0	0	1	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Colorado	2019	9	1	0	0	0	1	9
	2020	9	0	0	0	0	1	8
	2021	8	0	0	0	0	2	6
Connecticut	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Georgia	2019	5	0	0	0	0	1	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Hawaii	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
Idaho	2019	7	0	0	0	0	2	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Illinois	2019	8	0	0	0	0	1	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Indiana	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
Iowa	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kansas	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Kentucky	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Louisiana	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Maryland	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Massachusetts	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2
Michigan	2019	12	0	0	0	0	0	12
	2020	12	0	0	0	0	0	12
	2021	12	1	0	0	0	1	12
Minnesota	2019	10	0	0	0	0	0	10
	2020	10	1	0	0	0	0	11
	2021	11	0	0	0	0	1	10
Missouri	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Montana	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Nevada	2019	4	0	0	0	0	1	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
New Hampshire	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
New Jersey	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Mexico	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
New York	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
North Carolina	2019	12	0	0	0	0	1	11
	2020	11	0	0	0	0	1	10
	2021	10	0	0	0	0	0	10
North Dakota	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Ohio	2019	4	1	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Oklahoma	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Oregon	2019	11	0	0	0	0	1	10
	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
Pennsylvania	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Rhode Island	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Dakota	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
Tennessee	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Texas	2019	8	0	0	0	0	0	8
	2020	8	1	0	0	0	2	7
	2021	7	2	0	0	0	1	8

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Utah	2019	17	1	0	0	0	3	15
	2020	15	0	0	0	0	0	15
	2021	15	1	0	0	0	0	16
Vermont	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Virginia	2019	8	0	0	0	0	1	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	1	0	6
Washington	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
West Virginia	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Wisconsin	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	1	0	0	0	0	9
Wyoming	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Totals	2019	182	4	0	0	0	13	173
	2020	173	6	0	0	0	8	171
	2021	171	6	0	0	1	8	168

Table No. 4

**Status of Company-Owned Outlets
For years 2019 to 2021**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Virginia	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	1	1	0	1
Totals	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	1	1	0	1

Table No. 5

Projected Openings as of December 31, 2021

Column 1 State	Column 2 Franchise Agreements Signed But Bakery Cafes Not Open	Column 3 Projected New Franchised Bakery Cafes In the Next Fiscal Year	Column 4 Projected New Company-Owned Bakery Cafes In the Next Fiscal Year
Alaska	1	1	0
Colorado	2	0	0
Georgia	1	0	0
Idaho	1	0	0
Illinois	1	1	0
Iowa	2	1	0
Nevada	2	0	0
New Jersey	1	0	0
New York	2	0	0
Oklahoma	1	0	0
South Carolina	3	1	0
Texas	6	0	0
Utah	2	1	0
Virginia	0	0	1

Column 1 State	Column 2 Franchise Agreements Signed But Bakery Cafes Not Open	Column 3 Projected New Franchised Bakery Cafes In the Next Fiscal Year	Column 4 Projected New Company-Owned Bakery Cafes In the Next Fiscal Year
West Virginia	2	1	0
Wisconsin	5	1	0
Total	32	8	1

The following set of 5 tables only covers Great Harvest Stores that we consider to be a new concept bakery cafe (whether a single-site location or part of a hub-and-spoke combination). (This information also is encompassed in the first 5 tables.)

Table No. 1

**Systemwide Outlet Summary
For years 2019 to 2021**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	44	46	+2
	2020	46	50	+4
	2021	50	51	+1
Company- Owned	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	2019	45	47	+2
	2020	47	51	+4
	2021	51	52	+1

[Table 2 begins on next page]

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019 to 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2019	0
	2020	1
	2021	0
Georgia	2019	2
	2020	0
	2021	0
Idaho	2019	0
	2020	0
	2021	2
Montana	2019	0
	2020	0
	2021	1
Oklahoma	2019	1
	2020	0
	2021	0
Texas	2019	0
	2020	1
	2021	0
Utah	2019	0
	2020	0
	2021	1
Total	2019	3
	2020	2
	2021	4

Table No. 3

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

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Alaska	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Colorado	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	1	1
Florida	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
Georgia	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Idaho	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Illinois	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Indiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
Iowa	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas*	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1*	0	0	0	0	2
Kentucky	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Louisiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Michigan	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Minnesota	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Montana	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Nevada	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Jersey	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Mexico	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
New York	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
North Carolina	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Ohio	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Oklahoma	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	2	0	0	0	1	5

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Utah	2019	6	1	0	0	0	2	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Virginia	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	1	0	1
Washington	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
West Virginia	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Wisconsin	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Wyoming	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Totals	2019	44	4	0	0	0	2	46
	2020	46	6	0	0	0	2	50
	2021	50	6	0	0	1	4	51

*One of the existing Great Harvest Stores in Kansas remodeled in 2021 to a new concept bakery cafe.

Table No. 4

**Status of Company-Owned Outlets
For years 2019 to 2021**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Virginia	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	1	1	0	1
Totals	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	1	1	0	1

Table No. 5

Projected Openings as of December 31, 2021

Column 1 State	Column 2 Franchise Agreements Signed But Bakery Cafes Not Open	Column 3 Projected New Franchised Bakery Cafes In the Next Fiscal Year	Column 4 Projected New Company-Owned Bakery Cafes In the Next Fiscal Year
Alaska	1	1	0
Colorado	2	0	0
Georgia	1	0	0
Idaho	1	0	0
Illinois	1	1	0
Iowa	2	1	0
Nevada	2	0	0
New Jersey	1	0	0
New York	2	0	0
Oklahoma	1	0	0
South Carolina	3	1	0
Texas	6	0	0
Utah	2	1	0

Column 1 State	Column 2 Franchise Agreements Signed But Bakery Cafes Not Open	Column 3 Projected New Franchised Bakery Cafes In the Next Fiscal Year	Column 4 Projected New Company-Owned Bakery Cafes In the Next Fiscal Year
Virginia	0	0	1
West Virginia	2	1	0
Wisconsin	5	1	0
Total	32	8	1

Exhibit D is a list of all Great Harvest Store franchisees and the addresses and telephone numbers of their stores. Exhibit E is a list of the names, city and state, and current business telephone numbers (or, if unknown, the last known home telephone numbers) of the franchisees who had outlets terminated, cancelled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement (including due to transfers and some of whom remain in the system with other Bread Companies), from January 1, 2021, to December 31, 2021, or who have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the Great Harvest franchise system.

Item 21 **FINANCIAL STATEMENTS**

Exhibit C contains our audited financial statements as of October 31, 2021, 2020, and 2019; our unaudited balance sheet as of January 31, 2022; and our unaudited statement of operations for the 3-month period ended January 31, 2022.

Item 22 **CONTRACTS**

The following agreements/documents are exhibits:

1. Franchise Agreement — Exhibit A
2. Development Rights Rider to Franchise Agreement — Exhibit G
3. State Riders to Franchise Agreement — Exhibit H
4. Mutual General Release — Exhibit I

5. Guaranty Agreement — Exhibit J
6. Amendment for Additional Bakery Cafe — Exhibit K
7. Transfer Amendment to Franchise Agreement — Exhibit L

Item 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are the last 2 pages of this disclosure document.

EXHIBIT A
FRANCHISE AGREEMENT

GREAT HARVEST

FRANCHISE AGREEMENT

Effective Date: _____

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EXHIBIT B – EXCLUSIVE FRANCHISE TERRITORY

EXHIBIT C – LIST OF LOCATIONS

EXHIBIT D – LEASE RIDER

Great Harvest Franchise Agreement

This Agreement is between Great Harvest Franchising, Inc., a Montana corporation (hereafter sometimes "Great Harvest," "we," or "us"), and:

(hereafter sometimes "Bakery Cafe Owner" or "you").

This Franchise Agreement governs the ongoing relationship between you and us. This Agreement is for only one Great Harvest bakery cafe (the "Bakery Cafe"), the single and specific location where you first sell bread to the public. It grants you the right and obligation to operate a Great Harvest bakery cafe at this one retail location and does not grant you any exclusive or territorial rights other than those expressly contained in this Agreement.

We have a reputation for great bread and quality products. We franchise bakery cafes that bake and sell these phenomenal products under the names Great Harvest® and Great Harvest Bread Co.® We have earned this great reputation after hundreds of thousands of hours devoted to experimenting, testing and perfecting the making, marketing and selling of Great Harvest bread and related products. We have developed a system (the "Great Harvest System") of business identification, product acquisition, recipes, baking procedures, customer identification, employee morale, and related business procedures for the operation of Great Harvest bread companies and Great Harvest bakery cafes (together, "Great Harvest Stores"). We communicate the Great Harvest System to you through an operation's manual, which may include written or electronic materials and be made available to you in hardcopy, electronically, or otherwise. The operations manual may consist of and is defined to include audio, video, computer software, other electronic media and/or written and other tangible materials. The operations manual contains mandatory and suggested brand specifications, brand standards, operating procedures, and rules we periodically prescribe for developing and operating Great Harvest Stores that comprise the Great Harvest System and information on your other obligations under this Agreement. We may modify the operations manual periodically to reflect changes in the Great Harvest System, but those modifications will not alter your fundamental rights or status under this Agreement. You agree to keep current your copy of the operations manual (if delivered in hardcopy) and timely communicate all updates to your employees.

We display to the public the names and marks "Great Harvest" and "Great Harvest Bread Co.," along with other trademarks, signs, symbols, copyright materials and associated trade slogans, which we have adopted as part of the Great Harvest System. We may adopt other marks and commercial symbols for use with the Great Harvest System in the future. You want to make Great Harvest bread, operate a Great Harvest bakery cafe and use the Great Harvest System at the location specified in this Agreement. You also want to buy from us and pay for the right to make Great Harvest bread, operate a Great Harvest bakery cafe and use the Great Harvest System. The relationship between you and us, which this Agreement creates and controls, is one of mutual interdependence and a formal franchise relationship.

In a traditional franchise relationship, we would reserve an ability to control most aspects of your business with few exceptions. While we do control many decisions, such as your choice of POS systems, loyalty programs, order ahead systems, wheat purchasing, and other items we designate from time to time, we also encourage you to be creative and express your own vision in many areas, such as local additions to our standard menu, setting your own prices, setting your own hours, choosing your own store layout and look subject to our approval, and other things we may designate from time to time.

The remainder of this Agreement is divided into four sections: First Year Promises, Continuing Promises we make to you, Continuing Promises you make to us, and Additional Clauses.

Preliminary Definitions:

For the purpose of this Agreement, we will define a “signed Great Harvest Insider” as: (1) any Great Harvest Store owner or partner whose signature is on an effective Great Harvest Franchise Agreement or Guaranty Agreement, (2) any employee of Great Harvest Franchising, Inc., or (3) any employee of any Great Harvest Store whose signature is on an effective Confidentiality Agreement (and for management-level employees, Non-compete Agreement). These three categories of persons are the only possible Signed Great Harvest Insiders; excluded from insider status would be all close family of Great Harvest owners and employees, all Great Harvest suppliers or subcontractors, and all former Great Harvest owners and employees. While we may pre-approve the form of such an agreement in order to protect the Great Harvest System’s confidential information, under no circumstances will we control the forms or terms of employment agreements you use with Bakery Cafe employees or otherwise be responsible for your labor relations.

FIRST YEAR PROMISES:

By this Franchise Agreement we are granting you the right and obligation to establish and operate the Bakery Cafe under the Great Harvest System. We have baked Great Harvest bread and consulted in the operation of Great Harvest Stores for more than 30 years. We have drawn on the combined experiences of all Great Harvest Stores and their owners and employees. The Great Harvest System we are licensing to you through this Agreement is the culmination of everything we have learned thus far.

The promises of this section apply only to the pre-opening phase and first year of operation of a *new* Great Harvest bakery cafe; they do not apply in circumstances of an additional location, except as addressed in an Amendment, renewal or a transfer of franchise rights.

Our First Year Promises

FYP 1. Great Harvest system and business equipment

We will provide you with access to the electronic files of the Great Harvest System.

We will provide you with a personal computer loaded with selected software for use in the operation of your Bakery Cafe.

No later than the week you open your Bakery Cafe, we will provide you with an oven timer.

FYP 2. Exclusive Search Territory

You may search for a location for the Bakery Cafe within the geographical area highlighted in Exhibit A to this Agreement, which area will be considered your “Exclusive Search Territory.” We agree not to establish or franchise another Great Harvest Store within the above-defined Exclusive Search Territory until your search is finished. As soon as you sign a lease or purchase a building for your Bakery Cafe location, the Exclusive Search Territory restrictions on us expire. We are then free, subject to the Exclusive Franchise Territory we grant you (see Section C5), to develop the area within your former Exclusive Search Territory. If you request to change your Exclusive Search Territory at any time prior to signing a lease or purchasing a building for the Bakery Cafe location, we may charge a \$250 fee. We will evaluate the proposed search territory and may re-evaluate your entire application for a Great Harvest bakery cafe to be located in the newly proposed search territory. Any new search territory assignment will be subject to our approval. If this results in a second location hunt, we may

charge you direct expenses for the second trip.

Except for our promise not to establish or franchise another Great Harvest Store having its physical location within your Exclusive Search Territory, there are no restrictions on our business activities. That means we (and any affiliates we have) are totally free (1) to develop or franchise additional Great Harvest Stores having their physical locations anywhere we want outside your Exclusive Search Territory (including near the boundary of your Exclusive Search Territory), and (2) to engage in, and allow others to engage in, any product distribution and other business activities through any and all distribution channels, whether located or operating inside or outside your Exclusive Search Territory, any time we want, whether or not those activities will compete with your Bakery Cafe.

FYP 3. Location trip

We will provide advice on locations for the Bakery Cafe within the Exclusive Search Territory, including one on-site visit by a location hunter of our choice. We may charge you direct expenses for any additional location trips which you request. We will not unreasonably withhold our acceptance of a location for the Bakery Cafe if, in our experience, the proposed location is not inconsistent with locations that we regard as favorable or that otherwise have been successful locations for Great Harvest Stores in the past. However, we have the absolute right to reject any location not meeting our criteria or to require you to acknowledge in writing that a location you have chosen is accepted but not recommended due to its incompatibility with certain factors that bear on a location's suitability for a Great Harvest bakery cafe. Our acceptance of a location indicates only that we believe the location is not inconsistent with locations that we regard as favorable or that otherwise have been successful locations for Great Harvest Stores in the past. Applying criteria appearing effective with other locations might not accurately reflect the potential of all locations, and demographic or other factors included in or excluded from our criteria could change, altering a location's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a particular location fails to meet your expectations.

FYP 4. Initial training

We will provide you initial training in the Great Harvest System. We will provide a minimum of two hundred (200) total working hours of hands-on, person-to-person training by us, established Great Harvest Store owners, or their experienced employees, including personal visits by you to the Dillon, Montana, Franchise Office, and training at your Bakery Cafe during its first week of operation. If you do not comply with the Pre-Opening Requirements, you may not receive the full 200 working hours. We will provide you with a current version of the Pre-Opening Requirements before you sign this Agreement.

FYP 5. Visits

We will visit your Bakery Cafe for one full day, three times in your first two years of operation. The purpose of these visits will be to help you and also to observe your adherence to the promises you make in this Agreement.

Your First Year Promises

FYP 6. Franchise fee

You will pay us a franchise fee at the time of signing this Agreement for the rights to open and operate the Bakery Cafe location. Your fee will be \$35,000. We offer a 15% discount for honorably-discharged veterans of the United States Armed Forces who control at least 50% of the Bakery Cafe at the time of signing this Franchise Agreement.

FYP 7. Initial training

This Agreement entitles you to two training slots. You must send the Certified Manager to all of our required training programs. Every organization must have a Certified Manager. You may use the second slot to send a manager. If you want more training slots, you will be able to purchase them upon availability at our then current charges.

All persons attending our required three-week training program must complete the Great Harvest University (“GHU”) online coursework before opening. GHU’s online coursework lays the groundwork for successful bakery cafe ownership. This phase consists entirely of self-directed, self-paced learning activities designed to teach key concepts that you will apply and practice later during Baking Fundamentals, Made-To-Order School, and Bakery Cafe School.

"Baking Fundamentals School" consists of five full days of production training in Dillon, Montana. This portion of the training is for becoming proficient and confident in bread-making and sweets-making skills. Travel, food, and lodging, along with any costs or inconvenience caused by taking time off, will be at your expense and should be anticipated as a cost of start-up

The five day “Made-To-Order School” consists of five full days of training in Dillon, Montana. This portion of the training is for learning the pace of production, style at the counter, customer service, general systems, employee training, food safety, predictions and promotion. At this time the training attendees will also make observations that will be helpful during start-up, especially noting differences in equipment and layout.

“Bakery Cafe School” is the culmination of all your learning to date. During this intensive five day program, the Certified Manager is assigned to a small team of owners, and in your teams you will plan for, prepare for, and then actually open and operate a live bakery called Great Harvest University Bakery. At the end of the week, the Certified Manager will present to the Great Harvest leadership team the business results its team produces and its plans to apply the lessons learned in your own Bakery Cafe. Travel, food, and lodging, along with any costs or inconvenience caused by taking time off, will be at your expense and should be anticipated as a cost of start-up. In addition, you promise to send us your Certificate of Occupancy (or comparable local licensing requirement) and a video(s) of the exterior and interior of your unopened Bakery Cafe. The on-site portion of your initial training will be scheduled only after you are in compliance with the Pre-opening Requirements. This portion of training is one week of training at the opening of your Bakery Cafe, referred to as the Opening Training. This training will take place in your Bakery Cafe at opening and will be conducted by trainers designated by us. You may not open your Bakery Cafe without the Opening Training provided by us, which will be free to you.

FYP 8. Substantial and continuing progress toward opening

Your Bakery Cafe must be opened within fifteen (15) months from the effective date of this Agreement (or, if earlier, by the date provided in a Development Rights Rider to which we and you or

your affiliate are parties). If not, this Agreement will automatically terminate on that date without notice from us, unless further extended by us in writing.

If you advise us that you want to extend your Franchise Agreement before the automatic termination date due to not being open with the fifteen (15) month timeline (or, if earlier, by the date provided in a Development Rights Rider to which we and you or your affiliate are parties) and we agree that progress will be made during the extension, we will give you a six (6) month extension to open your Bakery Cafe. If you cannot open within twenty-one (21) months (or six (6) months after the date provided in the Development Rights Rider), we may (have no obligation to) give you another six (6) month extension if you are making adequate progress and pay us a non-refundable \$1,500 extension fee.

Should this Agreement automatically terminate due to not being opened within the fifteen (15) month timeline (or earlier date), we will keep \$10,000 of your franchise fee. The remainder will be refunded to you, without interest, once you have signed a Mutual Release and all of our confidential information (as defined in Section C16) is returned to us. However, if you signed this Agreement pursuant to a Development Rights Rider we signed with you or your affiliate granting multi-Bakery Cafe development rights, we will refund to you all but \$10,000 of the franchise fee you paid for the Bakery Cafe only if this Agreement relates to the first Bakery Cafe you are obligated to develop under the Development Rights Rider. No portion of any franchise fee paid with respect to the second or subsequent Bakery Cafe to be developed under the Development Rights Rider (if this Agreement relates to that second or subsequent Bakery Cafe), whether as part of the development fee under the Development Rights Rider or otherwise, is refundable under any circumstances, no matter why this Agreement is terminated. No portion of the development fee paid under a Development Rights Rider with respect to a second or subsequent Bakery Cafe to be developed is refundable under any circumstances.

Your intent is to open a Bakery Cafe as quickly as possible within the realm of good business judgment. Therefore, you must demonstrate a reasonable, sincere, and continuing effort to get the Bakery Cafe opened throughout the start-up process. You will present us with your selected location(s) for our evaluation and approval, and you agree you will not sign a lease for a location we have not approved. We also have the right to review and accept the lease for the approved location before you sign it. The lease must include the Lease Rider substantially in the form attached to this Agreement as Exhibit D. You may not sign any lease we have not accepted in writing.

FYP 9. Pre-Opening Requirements

Compliance with the then current Pre-Opening Requirements is required before we will send the opening training team to your store.

FYP 10. Menu, Pricing and Systems

The menu you will open with represents the best of the best in the Great Harvest System. The menu you will open with will be chosen from a set seasonal menu, which is in six-week segments and will allow for at least one seasonal product option. In addition, you agree to open with the then-current gifting and catering programs. We want you to start with a solid foundation of the most relevant, phenomenal products that are available in the market today.

You are required to have your menu boards and labels meet all federal and state regulations.

You are required to use the then-recommended systems:

- Point of Sale (POS) system and allow us access to the system;

- Pricing tool to set your product pricing for opening day. Our trainers will work with you several weeks prior to opening to ensure correct pricing is in place;
- Labor management program and allow us access to the program;
- Accounting software programs and allow us access to the programs;
- Credit Card Processor;
- Website developer and hosting provider;
- Online order ahead and national online catering providers;
- National purchasing programs;
- Inventory & Ingredients cost control program;
- Great Harvest Bake Records; and
- Harvest Rewards.

FYP 11. Layout

You are required to get our approval of your layout plans prior to the start of buildout. Approval will not be unreasonably withheld. We provide two layout revisions as part of your franchise fee. However, if you request additional assistance beyond what we typically give franchisees, we may charge you for the service.

FYP 12. External Marketing

You are required to complete approved opening marketing prior to and within four (4) months after your opening and to spend a minimum of \$12,000. You are also required to complete, before opening, the marketing tasks we then require new Great Harvest bakery cafes to complete as part of our designated grand opening marketing program. You will work with your Tracker as well as the Marketing Department to identify a specific marketing plan as well as the tasks that fit your area the best.

If you are in default under this Section FYP12, you will be notified in writing the dollar amount you still need to spend. You will have thirty (30) days to spend that dollar amount. After the thirty (30) days, if the dollar amount is not spent, we may initiate an electronic fund transfer from your account and execute a marketing plan for you.

Additional First Year Clauses

FYP 13. Termination, refund, expiration

Prior to signing this Agreement, you researched the Great Harvest program to see if the business could help you reach your goals. We have received your written application, conducted phone interviews, and met you at Experience Great Harvest Day. Signing this Agreement indicates that, to this point, both parties are enthusiastic with the results of their research and are committed to opening your new Bakery Cafe. Both parties also understand, though, that the best laid plans can change as new information is discovered. For these reasons, we both have termination options.

We may terminate this Agreement by notice to you in writing at any time during the period between the Effective Date and thirty (30) days following the completion of Bakery Cafe School by

the Certified Manager . No cause need be given, and, except as provided below, the franchise fee paid us at time of signing will be promptly refunded to you, without interest, once you have signed a Mutual Release and all of our confidential information (as defined in Section C16), computer, and software (as provided per Section FYP 1) is returned to us.

You may terminate this Agreement by notice to us in writing at any time before you open your Bakery Cafe. Except as provided below, we will keep \$10,000 of your franchise fee and refund the remainder to you, without interest, once you have signed a Mutual Release and all of our confidential information (as defined in Section C16) is returned to us. You will be allowed to keep the computer you received from us, after you have sent it to us to erase our confidential information and you promise to keep no copies, electronic or otherwise, of the information we erase.

Should this Agreement automatically terminate because the Bakery Cafe is not opened within the fifteen (15) month timeline (or, if earlier, by the date provided in a Development Rights Rider to which we and you or your affiliate are parties), or by the end of any extension we agree to grant you, we will, except as provided below, keep \$10,000 of your franchise fee and refund the remainder to you, without interest, once you have signed a Mutual Release and all of our confidential information (as defined in Section C16) is returned to us. You will be allowed to keep the computer you received from us, after you have sent it to us to erase our confidential information and you promise to keep no copies, electronic or otherwise, of the information we erase. Should this Agreement automatically terminate before you receive the computer, we will still keep \$10,000 of your franchise fee.

Notwithstanding the preceding paragraphs of this FYP 13 relating to franchise fee refundability, if you signed this Agreement pursuant to a Development Rights Rider we signed with you or your affiliate granting multi-Bakery Cafe development rights, we will provide the franchise fee refund described above only if this Agreement relates to the first Bakery Cafe you are obligated to develop under the Development Rights Rider. No portion of any franchise fee paid with respect to the second or subsequent Bakery Cafe to be developed under the Development Rights Rider (if this Agreement relates to that second or subsequent Bakery Cafe), whether as part of the development fee under the Development Rights Rider or otherwise, is refundable under any circumstances, no matter why this Agreement is terminated. No portion of the development fee paid under a Development Rights Rider with respect to a second or subsequent Bakery Cafe to be developed is refundable under any circumstances.

If not sooner terminated by other means, these First Year Promises will automatically expire one year from the day you open your Bakery Cafe. None of the provisions of this First Year Promises section continues beyond the first year of operation.

OUR CONTINUING PROMISES:

C1. Complete openness

We will never have secrets from you, your employees, or any other Signed Great Harvest Insider. You may ask us any question about any aspect of Great Harvest, including our internal policies and our numbers, and expect a straight answer. We will be open with you even when our honesty will expose us to embarrassment or reveal our mistakes. This openness will extend to all business and personal relations involving you and us. The only exceptions would be: (1) if we're involved in a clear-cut dispute with you or a third party and openness on our part would put us at a clear disadvantage in an adversarial situation, or (2) in a case where openness on our part would be unethical, for example, by causing us to break a promise of confidentiality or violate the privacy of any person.

C2. Advice and consultation

We will advise you at all times to the best of our ability in any matter affecting your business, always weighing such advice with the same seriousness we would give decisions in our own business. Our advice and consultation will include telephoning, distributing research and development information through the Extranet and other means. Additional learning opportunities among Signed Great Harvest Insiders may include visits, regional meetings, cross travel programs, and convention.

C3. Group buying and wheat

We will provide you with a list of approved suppliers of wheat and will define quality standards wheat suppliers must meet. We will test bake the wheat to determine if it meets our quality standards. We will also undertake to identify and appoint an approved distributor from which you can purchase ingredients and supplies directly; however, we do not guarantee that we will have a distributor appointed at all times. We will define quality and business performance standards that approved suppliers and approved distributors must meet so we can maintain a steady flow of high-quality ingredients and service to all Great Harvest Stores.

C4. Great Harvest System

Subject to the terms and conditions of this Agreement, we grant you the right to use the Great Harvest System at the Bakery Cafe. We will determine if we wish to pursue any litigation or other proceeding that arises out of any infringement, challenge, or claim relating to any part of the Great Harvest System, and we have the right to control that litigation exclusively. We reserve the right to decide on the efforts made to respond to infringements of our Great Harvest System and will undertake what we consider to be reasonable measures to do so.

C5. Territorial rights

For each Great Harvest bakery cafe, we grant exclusive territorial rights so that Great Harvest Stores are located a healthy distance from each other. Once you locate acceptable premises for your Bakery Cafe within your Exclusive Search Territory and sign a lease or purchase a building, we will define an Exclusive Franchise Territory surrounding your location and identify it on a map attached to Exhibit B. We promise that the size of the Exclusive Franchise Territory and the rights you have within its boundaries shall not change during this Agreement's term. Your Exclusive Franchise Territory will be smaller than your Exclusive Search Territory because the Exclusive Search Territory is designed only to give you ample area in which to look for an acceptable Bakery Cafe site. It is not intended to give you any protection once you have found your Bakery Cafe site.

We agree not to establish or franchise another Great Harvest Store having its physical location within your Exclusive Franchise Territory. Except for our promise not to establish or franchise another Great Harvest Store having its physical location within your Exclusive Franchise Territory, there are no restrictions on our business activities. That means we (and any affiliates we have) are totally free (1) to develop or franchise additional Great Harvest Stores having their physical locations anywhere we want outside your Exclusive Franchise Territory (including near the boundary of your Exclusive Franchise Territory), and (2) to engage in, and allow others to engage in, any product distribution and other business activities through any and all distribution channels, whether located or operating inside or outside your Exclusive Franchise Territory, any time we want, whether or not those activities will compete with your Bakery Cafe.

Your Continuing Promises:

C6. Complete openness and responsibility for Bakery Cafe employees

You agree to openly share your discoveries and ideas, whether big or little, with us and with any other Signed Great Harvest Insider, and never to withhold any innovation which might help us or other Great Harvest Store owners. You acknowledge that you completely understand, and accept, this foundation of your relationship with Great Harvest; that you are entering into a mutually beneficial free dialog with all other Signed Great Harvest Insiders; that central to this dialog is open and honest generosity in the exchange of new learning; that there is no place for score-keeping regarding who gives the best ideas to the system, or who gains more than whom; and that by signing this Agreement, you are giving your promise, along with every other Great Harvest Store owner, that every procedure, recipe, or idea developed or discovered by you will be available to all Signed Great Harvest Insiders and becomes the property of Great Harvest Franchising, Inc. for the benefit of all Great Harvest Insiders.

You have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustments of grievances and complaints, and working conditions. Bakery Cafe employees are exclusively under your control at the Bakery Cafe. You must communicate clearly with Bakery Cafe employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of Great Harvest Stores, are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment (in the form we specify or approve) from all Bakery Cafe employees that you (and not we) are their employer.

C7. Continuing fees

A key component of this franchise relationship is the fact that we own a valuable piece of intellectual property, the Great Harvest System, and you pay us a monthly continuing fee to use this property. You agree to pay to us a monthly continuing fee equal to five percent (5%) of the Gross Sales of your Bakery Cafe, payable from the first day that product is sold. You agree to make these continuing fee payments electronically for sake of speed, accuracy, and convenience, and will cooperate with us in making all necessary banking arrangements for electronic fund transfers. You agree to submit your Gross Sales figures to us by the 15th of the month following the month being reported. You also agree to submit your monthly sales tax reports along with your Gross Sales figures should you be required to file one with your state or local tax authority. Electronic continuing fee payments will be completed, by us, no later than the 25th of the month following the month for which royalties are due. We will add a \$50 late charge for any payments not received by us by the 25th, and interest will accrue at 1% per month beginning the first day of the following month. At our sole discretion, we may waive the late charge in certain circumstances of excessive hardship. You agree to report your Gross Sales to us electronically in a format we specify. If for any reason you cannot make an electronic submission, then the report shall be on paper on a form we give you. In either case, the report format may breakdown the Gross Sales figures by location, wholesale, and other off-site sales.

You will be eligible for a yearly one-half percent (0.5%) rebate once all the following conditions are met:

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- After your location fully reports its full calendar year gross sales, we will rebate you one-half percent (.5%) of your Gross Sales on all gross sales over One Million Dollar (\$1,000,000);
- This rebate is based on gross sales per individual location. If you own more than one location, you cannot combine gross sales to receive this rebate; and
- You are current in all your obligations to us.

"Gross Sales" are the amount of sales of all products, goods, services, and wares of every kind and nature, whether for cash or on a charge, credit or time basis, sold by or in connection with the operation of the Bakery Cafe. This means anything you can possibly imagine or create that benefits from customers doing business with your Bakery Cafe. Gross Sales also include all retail or off premises sales of Bakery Cafe products and any other sales of any kind associated with the Great Harvest System or as part of your Bakery Cafe. Occasional sales of used equipment or supplies sold at less than their original cost in the normal course of maintaining the Bakery Cafe, the sale of the Bakery Cafe business itself, interest on cash deposits, applicable sales taxes, and any refunds or over-rings will be the only components of business income not counted as part of Gross Sales.

During the term of this Agreement, any business in which you have an interest, either direct or indirect, and which benefits in any way from the goodwill and public image of the Bakery Cafe or Great Harvest, will be construed to be a part of the Bakery Cafe and subject to this Agreement, even if separate books or other indications of separate business enterprises are maintained. A business that is adjacent to the Bakery Cafe, and thereby benefits from foot traffic generated by the Bakery Cafe, will not be deemed to be benefiting specifically from the goodwill of the Bakery Cafe so long as it bears no resemblance of ownership with the Bakery Cafe, to the extent that no uninformed third party observer could reasonably conclude on the basis of appearances that the businesses share common ownership or management.

C8. Marketing fee

We have established a marketing fund for advertising, marketing, research, and public relations programs and materials, the purposes of which are to enhance, promote, and protect the Great Harvest brand and franchise system (the "Fund"). You agree to pay us a monthly marketing fee equal to two and one-half percent (2.5%) of the Gross Sales of your Bakery Cafe. Your monthly marketing fee is due and payable at the same time and in the same manner as the Continuing Fee described in Clause C7 above. Great Harvest bakery cafes that we or our affiliates own will contribute to the Fund on the same percentage basis as franchisees. The activities the costs of which the Fund is intended to cover include, but are not limited to, local, regional, and holiday marketing campaigns. Remaining monies in the Fund may be used for local marketing activities at your discretion and our approval.

We will account for the Fund separately from our other funds (although we need not keep Fund contributions in a separate bank account) and not use the Fund for any of our general operating expenses. However, the Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer the Fund or otherwise provide assistance or services to the Fund; the Fund's administrative costs; travel expenses of personnel while they are on Fund business; meeting costs; overhead relating to the Fund's business; and other expenses we and our affiliates incur in administering or directing the Fund and its programs. The Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Fund or for any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Fund contributions to pay costs before using the Fund's other assets. We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request within sixty (60) days after our fiscal year end. We may (but need not) have the Fund audited annually, at the Fund's expense, by a certified public

accountant. We may incorporate the Fund or operate it through a separate entity whenever we deem appropriate.

We may at any time defer or reduce the Fund contributions of any Great Harvest bakery cafe franchisee and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then existing franchisees, and to us and our affiliates, in proportion to their and our respective Fund contributions during the preceding twelve (12) month period.

C9. Audits

We, or any agent, accountant, independent contractor, or attorney we appoint, may, at any time during business hours and upon 48 hours' prior notice to you, examine, or audit the Records of the Bakery Cafe. Records, for the purpose of this section, are defined in Section C10 below. If you operate as an individual, our examination of tax returns shall be limited to a review of Schedules C and E on your returns, or the comparable reporting of business revenue and expenses. You agree that an inspection or audit may include any and all years when you operated the Bakery Cafe under this, or any prior, Agreement. You promise to cooperate fully with us, and with any of our agents, accountants, independent contractors, or attorneys we may hire, to conduct any inspection or audit, whether we conduct the inspection or audit in person or via mail, phone, fax, email, or other reasonable means of correspondence. At our request, you agree to assemble and deliver/ship such Records, or copies thereof, to a reasonable location designated by us, our agent, accountant, independent contractor, or attorney, within 45 days of such request.

If any inspection or audit discloses an understatement of Gross Sales, you agree to pay, within fifteen (15) days after receiving the inspection or audit report, all amounts due on the amount of the understatement, plus interest at an annual rate of 12% from the date originally due until the date of payment.

If an inspection or audit is necessary as a result of your failure to furnish reports, or any supporting Records; if additional or other information is required; or if an understatement of Gross Sales is greater than 2% for any period inspected or audited, you promise to reimburse us for all costs and expenses associated with conducting the inspection or audit.

C10. Records, Financial reporting, and tax payment

You can choose any recordkeeping system suited to your business that clearly shows your income and expenses. During the term of this Agreement, you agree, at your expense, to maintain at the Bakery Cafe premises and retain for a minimum of four years from the date of their preparation, full, complete and accurate books, records and documents relating to the Bakery Cafe, other than Bakery Cafe employee records, as you control exclusively your labor relations and employment practices (the "Records"). The Records will include, but not be limited to: (i) daily cash, check, and credit card reports; (ii) cash, check, and credit card receipts journal and general ledger; (iii) cash disbursements journal; (iv) monthly bank statements, canceled checks and daily deposit slips; (v) all tax returns relating to the Bakery Cafe and you; (vi) original suppliers' invoices (paid and unpaid); (vii) dated cash register tapes (detailed and summary); (viii) annual balance sheets and monthly profit and loss statements; (ix) records of bank statements for all accounts used in the operation of the Bakery Cafe (including, but not limited to, operating and investment accounts); and (x) such other records and information as we periodically may request (again, other than Bakery Cafe employee records, as you control exclusively your labor relations and employment practices). You are permitted to preserve the Records and submit reports to us electronically, consistent with our requirements.

Keep in mind, too, that you may need to keep the Records, for other purposes, longer than required by this clause. For example, your insurance company, creditors, or taxing jurisdictions, including the IRS, may require you to keep the Records longer than we do.

You agree, at least once a year, to send us basic financial statements for your Bakery Cafe for the time period we specify, along with any other operating measures we may request from you, as long as the request is reasonable.

You shall pay us (or our subsidiary, affiliate, or designee) promptly and when due the amount of all sales taxes, uses taxes, personal property taxes and similar taxes imposed upon, required to be collected, or paid by us on the account of services or goods we furnish to you through sale, lease or otherwise, or on account of our collection of the initial franchise fee, continuing fee, or any other payments to us called for by this Agreement.

C11. Funding your gift card liabilities

We offer a national gift card program in which you may choose to participate. However, if you choose not to participate in the national program, you are not allowed to offer a different gift card in your Bakery Cafe. Gift cards are issued by individual Great Harvest Stores and redeemed either in the issuing store or in another Great Harvest Store location. Gift certificates have been discontinued by the Franchise Office and are not to be sold in your Bakery Cafe.

If you choose to participate, you are required to have a designated bank account within which settlement of gift card transactions occurs monthly. You understand you must maintain funds in your designated bank account, at all times, sufficient to fund all redemptions of gift cards issued by your Bakery Cafe, including any associated fees of the gift card program. If, at any time, you do not have sufficient funds to cover redemptions of gift cards issued by your Bakery Cafe, together with any associated fees, you are responsible for reimbursement to us for any deficiency, within 10 days of notice by us. Upon the third such occurrence within a 24-month period, you agree to (i) pay us, within 20 days' notice, an amount equal to 100% of your outstanding gift card liabilities in exchange for our acceptance of 100% of your outstanding gift card liabilities; (ii) stop selling gift cards from your Bakery Cafe; and (iii) continue redemption of all gift cards presented to your Bakery Cafe, for which you'll receive payment through the national program's monthly settlement.

C12. Insurance

You will maintain, at your own expense, adequate insurance coverage for your specific business in an amount not less than \$1,000,000. This insurance should cover all types of general liability, including product liability. All insurance will be with accredited companies and will include Great Harvest Franchising, Inc. and its shareholders, officers, and directors as additional insureds. You will also maintain workers' compensation insurance required by law and property insurance in appropriate amounts to cover the Bakery Cafe's premises. At our request, you will furnish us a copy of your policy. In the event that you operate an additional location, you will expand the above coverage to include that location.

C13. Group buying and wheat

Wheat is critical to bread quality, and the specification and sourcing of wheat are critical to the success of Great Harvest Stores. Because of this, you agree to purchase 100% of the wheat used in your Bakery Cafe from the Great Harvest approved suppliers. We will undertake to appoint an approved distributor from which you can purchase other ingredients and supplies directly; however, you are under no obligation to purchase from this distributor. You also agree that you shall freshly mill all whole wheat flour daily at the Bakery Cafe's premises, using a mill we approve, if your Bakery Cafe bakes its own bread. If your Bakery Cafe does not bake its own bread, you must obtain your

bread from another Great Harvest Store that you (or your affiliates) own that does bake its own bread using whole wheat flour that is freshly milled daily on premises. If your Bakery Cafe bakes its own bread, it must use wheat shipped from a Great Harvest approved supplier. No whole wheat flour shall be used in your Bakery Cafe to make baked products on-site if older than four (4) days from the date of milling. In addition, you agree not to sell more than three bushels per month of Great Harvest wheat to the same customer.

C14. Building a brand

You acknowledge that we own the trademarks as part of the Great Harvest System and the goodwill associated with them; that the trademarks form a valuable part of the Great Harvest System; that the trademarks are valid; that you won't contest their validity; and that any goodwill arising out of your use of the System will inure to our benefit. To protect the integrity of the trademarks, you will conform to all of the use guidelines and restrictions laid out in this Agreement or provided by us in writing. Any unauthorized use of the trademarks by you will be a breach of the Agreement and an infringement of our rights associated with the trademarks. You recognize our right to use the Great Harvest System and to grant others the right to use the Great Harvest System. Your use of the Great Harvest System will not entitle you to any title or property interest in it.

Except to the extent required by law, you will operate the Bakery Cafe only under the name "Great Harvest Bakery Cafe," "Great Harvest Bread Co.®," or another name we specify without any accompanying words or symbols. You will not use any of the Great Harvest trademarks (including the name *Great Harvest Bread Co.*) or the words "Great" and "Harvest" in your entity's name, if you form a separate entity, or as part of any domain name or electronic address that you maintain on the Internet, World Wide Web, or any other similar proprietary or common carrier electronic delivery system. We will grant you our permission to use our trademarks in the domain names or electronic addresses referenced here as long as you are in compliance with the Great Harvest Web Standards. We will review this policy and the Great Harvest Web Standards from time to time and may make adjustments that we consider appropriate. You also agree to follow the Great Harvest Web Standards when displaying or using any of the Great Harvest trademarks in any Website, homepage, or interactive site you maintain on the Internet, World Wide Web, or any other similar proprietary or common carrier electronic delivery system. You will comply with reasonable requirements regarding service mark, trademark, or trade name registrations and copyright notices which we may from time to time prescribe. You will indicate in any records, documents or relationships with other persons that the operation of your business is separate and distinct from the operation of our business. You will not use any of the Great Harvest trademarks in advertising the transfer, sale, or other disposition of your Bakery Cafe or an ownership interest in you or the Bakery Cafe without our prior written permission. Recognizing that diligent protection of the Great Harvest System is of central importance to the franchise relationship, you agree to notify us immediately of any possible infringement of or challenge to the trademarks of which you become aware.

To the extent you use, with our permission, any Great Harvest trademarks in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of Bakery Cafe employees and that we, as the franchisor of Great Harvest Stores, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

SIGNAGE AND PRINTED MATERIALS

You promise to use one of the accepted forms of the logo, including the prescribed colors, lettering, and proportions, exactly as defined in our then-current graphic policy, and you agree to withdraw any written, printed or on-line materials which we feel display an incorrect use of our logo. If you are uncertain about any of your materials that reproduce one of the trademarks, you should

check with us before those materials are printed for distribution, since even the most seemingly insignificant alteration of the trademarks can have importance to their protection and withdrawing large print jobs which are done incorrectly can be very expensive for you. Should the logo change during the course of this Agreement, you agree to change all applications and displays of the logo to its revised form immediately as old materials are used up and new materials are ordered. You shall bear all costs incurred to make the changeover of the new logo. In no circumstances will you be required to purchase new exterior signs to accommodate a change in the logo design. We may require the purchase of new signage by a purchaser if you propose to transfer your Bakery Cafe.

Should you wish to order a new exterior sign at any time or purchase an existing one from a Great Harvest owner, you agree to send us a sketch or picture of the sign and receive our prior written approval.

PRODUCTS DISPLAYING THE TRADEMARKS

We may approve in writing specific non-bread food products and other products for sale in your Bakery Cafe displaying one or more of the Great Harvest trademarks. All such products must meet our highest standards of quality, and their selection is in our sole discretion. In addition, you agree to purchase and use all available Great Harvest branded packaging that is available through the then-current distribution partner. Display of our trademarks, including the design of any product labels or packaging, is subject to our review and approval. We reserve the right to disapprove any product that has received our approval and remove it from products that may be sold in your Bakery Cafe.

SYSTEMS

We have worked together to establish the recommended systems for locations. You promise to continue to use the following systems that were established:

- Menu boards and labels that meet all federal and state regulations;
- Point of Sale (POS) system and allow us access to the system;
- Pricing tool to set product pricing;
- Labor management program and allow us access to the program;
- Accounting software programs and allow us access to the programs;
- Credit Card Processor;
- Gifting and catering programs;
- Online order ahead and national online catering providers;
- National purchasing programs;
- Inventory & ingredients cost control programs;
- Great Harvest Bake Record; and
- Harvest Rewards.

BAKERY CAFE APPEARANCE AND OPERATIONS

You agree to maintain the highest standards of product quality, cleanliness, and customer service at your Bakery Cafe. As part of the Great Harvest system, we require Bakery Cafes to be open seven days a week. You may not make changes to these days without our approval. We will not unreasonably withhold our approval. In order to assist you in maintaining these standards we may develop and conduct compliance programs, such as customer surveys, food safety programs, inspections, and "secret shopper" programs. You agree to participate in good faith in these compliance programs and shall maintain no less than the minimum acceptable approval rating set forth in our written policies. The criteria for determining this rating, as well as the specific rating required for minimum acceptance, may be modified for all franchisees at our sole discretion.

HONEY ONLY IN HONEY WHOLE WHEAT BREAD

You agree to use 100% honey as the only sweetener in Honey Whole Wheat and Honey Wheat bread.

C15. Franchise promotion

You agree to prominently display to customers, at all times, upon our request, materials provided by us at our expense to promote the franchise. Such materials may include multi-page brochures, padded single sheets, and/or a countertop or wall mounted sign.

You also agree to put a link to our web site on any web site you maintain for your Bakery Cafe. As long as you are in compliance with our current web standards, we agree to put a link to your Bakery Cafe's site on our public web site.

C16. Confidentiality

You acknowledge that you came to us and paid us money to teach you everything we know about bread and bakeries. This know-how is for the exclusive use of Great Harvest Insiders; it is the very heart of our business. In acknowledgment of this central fact you promise that you will protect this valuable and confidential information.

CONFIDENTIALITY:

You promise not to use Great Harvest System for any purpose whatsoever, except as subject to the terms and conditions of this or another Great Harvest Agreement at any time during or after the term of this Agreement. For the purposes of this Agreement, the Great Harvest System includes all trademarks, signs, symbols, copyright materials and associated trade slogans and any proprietary aspect of the operation of Great Harvest Franchising, Inc. or a Great Harvest Store, including: all recipes and their related measurements; all bread making processes, techniques, skills, temperatures, and timing; all baking forms and systems; all details of Great Harvest bread making theory or practice, oven systems, ingredient standards, wheat standards, ingredient supplier lists, wheat suppliers, equipment standards, special uses of equipment not commonly known outside Great Harvest, and equipment supplier lists; all details of Great Harvest's unique breadboard theories and practices and breadboard training rules; all details of Great Harvest's unique bakery cafe management theories and practices, training methods, and bakery cafe promotion training methods; all bakery cafe management forms and systems and build-out specifications; all details of Great Harvest's location hunting theory or practice, location search information, and tracking information and systems; all details of Great Harvest's unique franchising theories and practices; all secrets for achieving high Gross Sales in new Bakery Cafes; all proprietary aspects of our sandwich and coffee programs; all proprietary newsletters, audio/visual training tools, Breadboard content, and the Confidential Start-up Kit; the candidates list, all candidate information, and all proprietary internal personnel practices; and any other information or materials arising from Great Harvest related to the art of bread making, the operation of a Great Harvest bakery cafe, the internal operation of Great Harvest Franchising, Inc., or the training and franchising of the Great Harvest System to Great Harvest Store owners.

CONFIDENTIALITY & NON-COMPETE AGREEMENTS:

You recognize that the Great Harvest System is an innovation which is the result of years of development and that use of any or all of the Great Harvest System by any other persons or firms would give them a substantial competitive advantage now enjoyed by Great Harvest Store owners. Therefore, you agree not to hire or have in your employment anyone who does not sign a Confidentiality Agreement (and for management-level employees, a Non-compete Agreement) we pre-

approve and not to disclose the Great Harvest System or any of its parts to any person or firm who is not a “Signed Great Harvest Insider,” in strict accordance with the following definition: (1) any Great Harvest Store owner or partner whose signature is on an effective Great Harvest Franchise Agreement or Guaranty Agreement, (2) any employee of Great Harvest Franchising, Inc., or (3) any employee of any Great Harvest Store whose signature is on an effective Confidentiality Agreement (and for management-level employees, Non-compete Agreement) we pre-approve. These three categories of persons are the only possible Signed Great Harvest Insiders; excluded from insider status would be all close family of Great Harvest owners and employees, all Great Harvest suppliers or subcontractors, and all former Great Harvest owners and employees. While we may pre-approve the form of such an agreement in order to protect the Great Harvest System’s confidential information, under no circumstances will we control the forms or terms of employment agreements you use with Bakery Cafe employees or otherwise be responsible for your labor relations.

Earlier in this Agreement, we promised complete openness to you and your employees; you in turn promised complete openness to us and all other signed Great Harvest Insiders. These mutual promises of openness by everyone in our system make Great Harvest quick, resilient, and strong. But at the same time that you are promising openness toward all Insiders, you are promising closure – confidentiality – toward all outsiders. It is essential that everyone in Great Harvest understand and maintain this hard line between openness and confidentiality, between insider and outsider. It is the very essence of what you are buying when you enter into this Agreement.

EXTRANET ACCESS:

We have created a web site for the exclusive use of Great Harvest Store owners and other Signed Great Harvest Insiders. Use of this “Extranet” site is available to those who sign an appropriate agreement pertaining to the confidential information posted on the site and receive a password. You promise to take steps to assure that no one in your organization has access to the site unless that person has signed the appropriate Confidentiality Agreement. In the event that an employee with a password leaves your employment, you promise to promptly notify us.

C17. In-term Non-competition

You acknowledge that you came to us and paid us money to teach you everything we know about bread and bakeries. This know-how is for the exclusive use of Great Harvest Insiders; it is the very heart of our business. In acknowledgment of this central fact you promise that you won’t compete directly against us during the term of this Agreement, as defined below.

NON-COMPETE:

In consideration of your use of the Great Harvest System and your receipt of training in all aspects of the operation of a Great Harvest bakery cafe, you and any persons controlling, controlled by, or under common control with you, or any person or entity which has an ownership interest in you, or any entity which you control in whole or in part or in which you have an ownership interest, or the spouse or other immediate family members of any such persons so referenced, will not, without our prior written consent, have any direct or indirect interest in the ownership or operation of, or perform services as a director, officer, employee, trainer, advisor, or consultant for any business that competes (as defined below) with Great Harvest and is not authorized by another Great Harvest Franchise Agreement. This restriction shall apply to all competing businesses that are (a) within your Exclusive Franchise Territory or a five (5) mile radius of the outer boundary of your Exclusive Franchise Territory (if your Bakery Cafe is not open), or (b) at or within ten (10) miles of your Bakery Cafe location (if your Bakery Cafe is open). This restriction shall also apply to all competing businesses that are within a ten (10) mile radius of any other Great Harvest Store locations that are already open as of the Effective Date of this Agreement. A list of such current locations is attached as Exhibit C. This

covenant will apply during the term of this Agreement. A business that competes with Great Harvest, for the purposes of this Agreement, will be defined as a business that does any of the following things:

- produces, sells, or has for sale more than four (4) varieties of bread made with whole wheat flour on any given day; or
- targets and/or tracks temperatures of dough used in any multi-stage dough making process; or
- uses any forms or other methods of recording data in its business that function substantially the same as those used in a Great Harvest operation; or
- makes or sells products using fresh milled flour of any type; or
- measures the internal temperature of baked breads; or
- uses any of the bread names or names of items used in promotion campaigns that you have used or are using during the term of this Agreement. For example, if you have sold a bread called "Oregon Herb" or run a promotion featuring "Honey Bunnies," you may not use these names or confusingly similar names even if the products differ and whether or not the names are trademarks of Great Harvest; or
- uses a timed-mixing process; or
- uses a multi-stage process of preparing doughs where the time from combining any ingredients together until the time when loaves are placed on the pan for baking is within 1.5 hours (longer or shorter) from the times you are using or have used during the term of this Agreement; or
- maintains a store or website look or feel similar enough to your Great Harvest operation to be confusing to customers as to whether or not it is a part of the Great Harvest System; or
- uses the words Great or Harvest in its legal name or trade name; or
- represents itself as formerly or currently associated with *Great Harvest Bread Co.*

The following definitions will apply to this restriction: "bread" means any leavened baked product made from flour; "flour" means any milled grain; "fresh milled flour" means any flour milled at the location of the business or milled within a ten-mile radius of the business unless such milling is done by a commercial milling operation not related to your Bakery Cafe in any way other than customer and supplier; "whole wheat flour" means any flour containing wheat, except white flour; and "white flour" means any flour purchased through commercial bakery supply channels, labeled as white flour in the trade, and with all bran and germ removed to the fullest extent commercially feasible.

In order to verify compliance, you agree to allow us to conduct on-site inspections of any business of yours that makes or sells bread products. You agree that during an inspection of this sort, we may observe all aspects of your business operation, including any bread making techniques or processes, any recipes and any printed forms used in your business. If you are in compliance with the obligations of this Agreement, we agree that we will conduct no more than two inspections per year, per business location, during the term of this Agreement.

If this provision is not fully enforceable in any jurisdiction, then the parties agree that Great Harvest shall have the right to revise the provision so that it contains a commercially reasonable limitation which is enforceable in that jurisdiction. If a court determines that either the original provision or any subsequently revised provision is not fully enforceable under applicable law, then the parties agree that the court shall have the right to revise it so that it contains a commercially reasonable limitation which is enforceable in that jurisdiction, it being the intention of the parties to enforce to the full extent of the law the restrictions on competitive activity contained in this Agreement.

The parties agree that it is difficult or impossible to quantify the damage to Great Harvest which would be caused by a violation of the non-competition covenant. Therefore, you agree that if a dispute arises regarding your compliance with the covenant, in addition to any other remedies which might be available, including but not limited to actual damages caused by your breach, Great Harvest shall be

entitled to receive from you an amount equal to the maximum continuing fee based on your competing business' total Gross Sales, as defined in Section C7, during all periods when you are not in full compliance with this covenant. This fee is not a penalty, but represents a good faith effort to estimate future damages. Setting the liquidated damages in such a manner shall not constitute consent to further breach or waive the right to injunctive relief.

TRADEMARKS:

You promise not to use the Great Harvest trademarks or any names or elements of interior or exterior Great Harvest signs or decor in connection with the operation of any business except as permitted by this or another Great Harvest Franchise Agreement or otherwise in writing by us, at any time during the term of this Agreement.

C18. Post-term Non-competition

You acknowledge that you came to us and paid us money to teach you everything we know about bread and bakeries. This know-how is for the exclusive use of Great Harvest Insiders; it is the very heart of our business. In acknowledgment of this central fact you promise that you won't compete directly against us after the term of this Agreement, as defined below.

NON-COMPETE:

In consideration of your use of the Great Harvest System and your receipt of training in all aspects of the operation of a Great Harvest bakery cafe, you and any persons controlling, controlled by, or under common control with you, or any person or entity which has an ownership interest in you, or any entity which you control in whole or in part or in which you have an ownership interest, or the spouse or other immediate family members of any such persons so referenced, will not, without our prior written consent, have any direct or indirect interest in the ownership or operation of, or perform services as a director, officer, employee, trainer, advisor, or consultant for any business that competes (as defined below) with Great Harvest and is not authorized by another Great Harvest Franchise Agreement. This restriction shall apply to all competing businesses that are (a) within your Exclusive Franchise Territory or a five (5) mile radius of the outer boundary of your Exclusive Franchise Territory (if your Bakery Cafe is not open), or (b) at or within ten (10) miles of your Bakery Cafe location (if your Bakery Cafe is open). This restriction shall also apply to all competing businesses that are within a ten (10) mile radius of any other Great Harvest Store locations that were already open as of the Effective Date of this Agreement. A list of the Great Harvest Store locations that were open as of the Effective Date of this Agreement is attached as Exhibit C. This covenant will apply for a period of two years beginning on the effective date of the termination or expiration of this Agreement. If any person restricted by this section refuses voluntarily to comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. The two-year period will be tolled, if applicable, for the period during which a restricted person is in breach of this section and will resume when that person resumes compliance. A business that competes with Great Harvest, for the purposes of this Agreement, will be defined as a business that does any of the following things:

- produces, sells, or has for sale more than four (4) varieties of bread made with whole wheat flour on any given day; or
- targets and/or tracks temperatures of dough used in any multi-stage dough making process; or
- uses any forms or other methods of recording data in its business that function substantially the same as those used in a Great Harvest operation; or
- makes or sells products using fresh milled flour of any type; or
- measures the internal temperature of baked breads; or

- uses any of the bread names or names of items used in promotion campaigns that you had used while part of Great Harvest. For instance, if you had been selling a bread called “Oregon Herb” or running a promotion featuring “Honey Bunnies” while part of Great Harvest, you may not use these names or confusingly similar names again even if the products differ and whether or not the names are trademarks of Great Harvest; or
- uses a timed-mixing process; or
- uses a multi-stage process of preparing doughs where the time from combining any ingredients together until the time when loaves are placed on the pan for baking is within 1.5 hours (longer or shorter) from the times you were using when you were part of Great Harvest; or
- maintains a store or website look or feel similar enough to your Great Harvest operation to be confusing to customers as to whether or not it is a part of the Great Harvest System; or
- uses the words Great or Harvest in its legal name or trade name; or
- represents itself as formerly a *Great Harvest Bread Co.*

The following definitions will apply to this restriction: "bread" means any leavened baked product made from flour; "flour" means any milled grain; "fresh milled flour" means any flour milled at the location of the business or milled within a ten-mile radius of the business unless such milling is done by a commercial milling operation not related to your Bakery Cafe in any way other than customer and supplier; "whole wheat flour" means any flour containing wheat, except white flour; and "white flour" means any flour purchased through commercial bakery supply channels, labeled as white flour in the trade, and with all bran and germ removed to the fullest extent commercially feasible.

In order to verify compliance, you agree to allow us to conduct on-site inspections of any business of yours that makes or sells bread products. You agree that during an inspection of this sort, we may observe all aspects of your business operation, including any bread making techniques or processes, any recipes and any printed forms used in your business. If you are in compliance with the obligations of this Agreement, we agree that we will conduct no more than two inspections per year, per business location, for a period of two years from the date of the termination or expiration of this Agreement.

If this provision is not fully enforceable in any jurisdiction, then the parties agree that Great Harvest shall have the right to revise the provision so that it contains a commercially reasonable limitation which is enforceable in that jurisdiction. If a court determines that either the original provision or any subsequently revised provision is not fully enforceable under applicable law, then the parties agree that the court shall have the right to revise it so that it contains a commercially reasonable limitation which is enforceable in that jurisdiction, it being the intention of the parties to enforce to the full extent of the law the restrictions on competitive activity contained in this Agreement.

The parties agree that it is difficult or impossible to quantify the damage to Great Harvest which would be caused by a violation of the non-competition covenant. Therefore, you agree that if a dispute arises regarding your compliance with the covenant, in addition to any other remedies which might be available, including but not limited to actual damages caused by your breach, Great Harvest shall be entitled to receive from you an amount equal to the maximum continuing fee based on your total Gross Sales as defined in Section C7 during all periods after your termination and up to the time you're determined to be in full compliance with this covenant. This fee is not a penalty but represents a good faith effort to estimate future damages. Setting the liquidated damages in such a manner shall not constitute consent to further breach or waive the right to injunctive relief.

TRADEMARKS:

You promise not to use the Great Harvest trademarks or any names or elements of interior or exterior Great Harvest signs or decor in connection with the operation of any business except as permitted by this or another Great Harvest Franchise Agreement or otherwise in writing by us, at any

time after the term of this Agreement. Upon expiration or termination, you will immediately cease to use or display any portion of the Great Harvest System or any confusingly similar names, trademarks, signs, symbols, processes, or methods. Also, you agree to permit our representatives to enter the Bakery Cafe to remove or permanently cover any items which in any way indicate an association with us.

C19. Limited off-premises product sales

In order to protect Great Harvest's reputation for hot bread sold from strong, exciting stores, you agree to follow our policy limiting off-premises product sales. Off-premises product sales shall include, but are not limited to, catering, wholesale accounts, farmers markets, sales made using the Internet or third party sales, and any mail-order business.

You agree not to knowingly wholesale your baked products to outlets located within another Great Harvest Store's territory (however that territory is defined). Except for your catering activities, you agree to limit your off-premises sales of baked products only to wholesale accounts that sell the products with a Great Harvest label and meet the following category descriptions: farmer's markets, restaurants, co-operatives, specialty foods retailers, and other retailers that offer their products in a specialty retail environment. Examples of such acceptable specialty retailers include Whole Foods, Wild Oats, and Fresh Fields. You agree that you will not establish wholesale accounts that meet the following category descriptions: conventional grocery stores (such as Kroger's, Safeway, Albertsons, and Harris Teeter), convenience stores, discount clubs and discount outlets (such as Sam's Club, and Wal-Mart). We may agree to permit a wholesale account with a conventional grocery store if there are no acceptable specialty retailers in your Exclusive Franchise Territory, and you make arrangements to confirm with the grocery store that your product will not be sold through other grocery stores in the chain outside of your Exclusive Franchise Territory. Mail-order sales present a special case. Any mail-order sale greater than 10 loaves per month to a single address is considered the same as wholesale. However, customers or others who would like to buy their bread on a less-than-10-loaves per month basis is a type of mail-order business that is unrestricted in the Great Harvest franchise system.

All off-premises product sales must be listed separately for purposes of monthly Gross Sales reporting.

We reserve the right to establish an Internet website for the sale of bread, baked products, and other items related to the Great Harvest System. We will make reasonable efforts to assure that sales to customers in your Exclusive Franchise Territory are fulfilled by you, if you choose to participate. If you choose not to participate in such an electronic commerce program, sales to Internet customers in your Exclusive Franchise Territory may be fulfilled by other franchisees or by us.

Additional clauses:

C20. Term

The term of this Agreement is ten years and in the absence of a termination for cause, initiated by either party, or a termination pursuant to Section FYP 13 of this Agreement, the length of the term cannot be altered without the express written agreement of the parties.

C21. Moving

To move your Bakery Cafe, you need to obtain our prior permission in writing as an attachment and amendment to this Agreement. Approval to move is not guaranteed under this Agreement. We may condition approval of your proposed Bakery Cafe move on (a) the new location being acceptable to us, (b) you agree to the new exclusive franchise territory definition, (c) you pay us a reasonable relocation fee, (d) you confirm that this Agreement remains in effect and governs the Bakery Cafe's

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operation at the new location with no change in the term or, at our option, you sign our then current form of franchise agreement to govern the Bakery Cafe's operation at the new location for a new franchise term, (e) you sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (f) you continue to operate the Bakery Cafe at its original location until we authorize its closure, and (g) you take, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Bakery Cafe's former location so it no longer is associated in any manner (in our opinion) with the Great Harvest System.

C22. Selling your Bakery Cafe

We have an interest in who is in the Great Harvest family. We chose you because of your character, experience, attitude and financial capacity. Accordingly, if you want to sell or transfer any part of this Agreement, the franchised business, or the Bakery Cafe's assets, the sale or transfer is subject to our approval and our right-of-first-refusal. None of your owners may sell or transfer an ownership interest in you (if you are a corporation or other legal entity) without our approval and without first complying with our right-of-first-refusal. We will not unreasonably withhold our approval if we do not exercise our right-of-first-refusal. Some of the things we'll be looking for follow:

- You are in full compliance with all the terms and conditions of the Franchise Agreement and any other agreement with us.
- You have paid in full all monies owed to us. All other liabilities of yours, including debts and obligations to suppliers, employees, landlords, taxing authorities, etc., are paid in full or otherwise taken care of to our reasonable satisfaction.
- The purchaser or transferee has the necessary business experience and aptitude to operate the Bakery Cafe and otherwise is qualified under our then-existing standards for the approval of new franchisees or of existing franchisees interested in acquiring additional franchises (including being in substantial operational compliance, at the time of the application, under other franchise agreements for Great Harvest Stores to which the transferee or any of its affiliates then is a party with us);
- The purchaser or transferee meets our financial requirements of transfer candidates. You agree to give us information we request concerning the proposed transfer and transferee, including but not limited to the terms of the sale and up-to-date and accurate financial statements from the Bakery Cafe itself. We will be looking in particular for whether the candidate can afford the agreed upon price and whether the Bakery Cafe can support any debt taken on by the candidate.
- The purchaser or transferee signs our then current form of franchise agreement and related documents, any and all of the provisions of which, except for the continuing fee, marketing fee, and Exclusive Franchise Territory definition, may differ materially from any and all of those contained in this Agreement, provided, however, the term of the new franchise agreement signed will equal this Agreement's unexpired term.
- Your signage is approved by us according to our then-current standards. If not approved, you agree to notify the buyer that they will need to be in compliance soon after signing their new Franchise Agreement.
- You agree to notify the transferee of the required, non-refundable transfer fee, which must be paid by you or the transferee. This transfer fee will be 75% of our then-current initial franchise fee charged to first time Great Harvest bakery cafe franchisees for their first bakery cafe franchise, but not to exceed \$25,000.
- The transferee completes to our satisfaction the application process and training then required for transfer candidates. You agree to sign a Mutual General Release of all claims you and we may have against one another.

- If the transferee is a corporation, limited liability company, or other legal entity, the owners of the entity must personally guarantee the entity's obligations under the Franchise Agreement and must comply with any other policies then in effect for such entities.
- The transferee or its owners or affiliates may not operate or have an ownership interest in a competitive business.
- The transferee fully assumes your liabilities for all outstanding gift cards, gift certificates and other customer offers that may still be redeemed after the transfer of ownership. You and the transferee reach a satisfactory settlement arrangement for the assumption of these liabilities. (We shall have no obligation for such liabilities unless you have paid us to assume the liability per Section C11.)
- You agree to disclose to the transferee the domain name(s) or name(s) for any interactive site you maintain on the Internet or any other similar proprietary or common carrier electronic delivery system used in connection with the operation of the Bakery Cafe (the "Domain Names") and whether the Domain Name(s) is included in the transfer of ownership of the Bakery Cafe. If the transferee does not want the Domain Name(s), it may be transferred to us per Section C25.
- If you, and all of your shareholders and/or members if you are a legal entity, are not continuing to be a Great Harvest Store owner with an effective Franchise Agreement, and the Domain Name(s) includes any of the Great Harvest trademarks (including the name *Great Harvest Bread Co.*) or either of the words "Great" or "Harvest" (the "Trademark Domain Names"), you agree to approve and not to interfere with all transfers the transferee initiates for the Trademark Domain Name(s) and to take all other action we request to transfer ownership and use of the Trademark Domain Name(s) to the transferee. You may not charge us or the transferee any additional fees (other than the bakery sales price) for your compliance with this clause. If the transferee does not want the Trademark Domain Name(s), it may be transferred to us per Section C25.
- Your Bakery Cafe is open.

IF YOU WANT TO SELL TO YOUR KIDS:

In this special case, the process, training and requirements described in this section still apply, but we will not charge a transfer fee if your kid(s) have worked in this Bakery Cafe for at least one year. Our right-of-first-refusal also will not apply in this special case.

IF YOU DIE:

In the event of the death or disability of an individual Bakery Cafe owner or the shareholder or partner of the Bakery Cafe owner, we will not unreasonably withhold our approval of the transfer of that person's interest to his or her heirs or beneficiaries, provided all the conditions of this Agreement for transfer have been met. In the event that such heirs or beneficiaries do not obtain our approval, the estate or guardian will have a reasonable time, not to exceed twelve (12) months, to dispose of his or her interest in this Agreement or the franchisee entity for the benefit of that person's heirs or beneficiaries according to all the transfer terms and conditions in this Agreement, including our right-of-first-refusal.

IF YOU DIVORCE:

In the event that the proposed transfer is the result of a divorce, an entity dissolution proceeding, or operation of law, we will not unreasonably withhold our approval, provided all of the transfer requirements listed in the Agreement are met.

IF YOU WANT TO CREATE A CORPORATION:

As long as you are in full compliance with this Agreement (including all conditions of transfer contained in the Agreement), we will not unreasonably withhold our approval of a transfer of this Agreement to a corporation, limited liability company, partnership or other form of legal entity you have formed for the convenience of ownership. Such a transfer will not relieve you of your obligations in the Agreement, and you will remain jointly and severally liable to us for all of your legal entity's obligations under this Agreement. Any such transfer will be subject to reasonable restrictions, including but not limited to the following:

- You must own all of the voting stock of the corporation or other forms of ownership interest in the entity.
- The entity must be limited in its organizational documents to the operation of one or more Great Harvest Stores, and it must execute all documents necessary to assume the obligations of the Franchise Agreement.
- The entity must comply with all of the terms and conditions in this Agreement and must be in good standing under the laws of the state of its formation.
- The entity's organizational documents, operating agreement, or partnership agreement, as well as any stock certificates and other documents representing ownership interests, must state that the transfer of any ownership interest in the entity may be restricted by the terms of this Franchise Agreement.
- The owners of the entity must sign a personal guarantee of the obligations of the entity under this Agreement. At our request, you will furnish us with copies of the entity's Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, and other organizational documents.
- You cannot use any of the Great Harvest trademarks (including the name *Great Harvest Bread Co.*) or the words "Great" and "Harvest" in your entity's name.

OUR RIGHT-OF-FIRST REFUSAL:

If you, any of your owners, or the owner of a controlling ownership interest (defined below) in a legal entity with an ownership interest in you at any time determines to sell or transfer for money or other consideration (which can be independently valued in dollars) the franchise rights granted by this Agreement and the Bakery Cafe (including its physical structure and/or all or substantially all of its operating assets), a controlling ownership interest in you, or a controlling ownership interest in a legal entity with a controlling ownership interest in you (except to or among your current owners or in a transfer covered under "*If You Want To Sell To Your Kids*" or "*If You Want To Create A Corporation,*" which are not subject to this right-of-first-refusal), you agree to obtain from a responsible and fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which we may require to include a copy of all proposed agreements related to the sale or transfer). The offer must include details of the proposed sale or transfer's payment terms and the financing sources and terms of the proposed purchase price and provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed-dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to the rights granted by this Agreement and the Bakery Cafe (including its physical structure and/or all or substantially all of its operating assets), a controlling ownership interest in you, or a controlling ownership interest in a legal entity with a controlling ownership interest in you. It may not relate to any other interests or assets. We may require you (or your owners) to send us copies of any materials or information you send to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash

for any form of consideration proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) the closing of our purchase will not (unless we agree otherwise) be earlier than sixty (60) days after we notify you of our election to purchase or, if later, the closing date proposed in the offer; (4) you and your owners must sign a Mutual General Release; and (5) we must receive, and you and your owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or of ownership interests in a legal entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; your and your owners' authorization to sell, as applicable, any ownership interests or assets without violating any law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Bakery Cafe before the closing of our purchase. If the offer is to purchase all of your ownership interests, we may elect instead to purchase all of the Bakery Cafe's assets (including its physical structure), and not any of your ownership interests, on the condition that the amount we pay you for such assets equals the full value of the transaction as proposed in the offer (i.e., the value of all assets to be sold and of all liabilities to be assumed).

Once you or your owners submit the offer and related information to us triggering the start of the thirty (30)-day decision period referenced above, the offer is irrevocable for that thirty (30)-day period. This means we have the full thirty (30) days to decide whether to exercise the right-of-first refusal and may choose to do so even if you or your owners change your, his, her, or its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and we may exercise the right to purchase the particular interest in accordance with this Section's terms.

If we exercise our right-of-first refusal and close the transaction, you and your transferring owners agree that, for two (2) years beginning on the closing date, you and they (and the other restricted persons) will be bound by the non-competition covenants contained in Section C18.

If we do not exercise our right-of-first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section C22. If you or your owners do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right-of-first-refusal, or if there is a material change in the sale's terms (which you agree to tell us promptly), we will have an additional right-of-first-refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

We have the unrestricted right to assign this right-of-first refusal to a third party (including an affiliate), which then will have the rights described in this portion of Section C22. (All references in this portion of Section C22 to "we" or "us" include our assignee if we have exercised our right to assign this right-of-first refusal to a third party.)

References in this portion of Section C22 to a "controlling ownership interest" in you or one of your owners (if a legal entity) mean the percent of voting shares or other voting rights resulting from dividing one-hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

PAPERWORK:

Any sale or transfer allowed by this Agreement will not be effective until we receive completely executed copies of all transfer documents, receive all required fees, and give our approval in writing. You will also, upon our request, send us copies of the information you give to a prospective transferee. If we believe the buyer is receiving inaccurate information, we will first discuss this with you and then share our concerns and any information you have submitted to us with the prospective transferee.

Any sale or transfer not in accordance with this Agreement will be considered null and void and will constitute a material breach of this Agreement.

C23. Renewal

You may renew your franchise if all of the following conditions are met:

- (1) As of the renewal date, you are not in default of this Agreement.
- (2) You sign our then current form of Great Harvest Franchise Agreement and Guaranty Agreement then being executed by new Great Harvest bakery cafe owners on or before the renewal date. Any and all terms of the new Agreement, including the continuing fee, the marketing fee, and the definition of the Exclusive Franchise Territory, may differ materially from any and all of the terms in this Agreement. However, if you have not breached any of your obligations (including payment obligations) under this Agreement during the three years before its scheduled expiration date, we agree that the continuing fee, the marketing fee, and the definition of the Exclusive Franchise Territory during the renewal term will be the same as under this Agreement.
- (3) You sign a Mutual General Release Agreement.
- (4) You follow our then-current policy regarding the franchise renewal process. We will send you our franchise renewal materials prior to your expiration date.

We will notify you of your option to renew at least 120 days prior to the expiration of this agreement. If you don't complete the renewal process prior to the expiration date of this Agreement, we will agree to one 90 day extension of this Agreement in order for you to complete the renewal process, provided that you pay us a non-refundable Renewal Extension Fee of \$3,000 before the expiration date. If you do not pay the Renewal Extension Fee prior to the expiration date, this Agreement will expire on its expiration date and won't be renewed. Under no circumstances will the time extension of the term of this Agreement exceed 90 days.

C24. Material Breach

You agree that if any of the following events happens, it will constitute a material breach of this Agreement and violate the essence of your obligations; thus, without prejudice to any other rights or remedies at law or in equity, we may terminate this Agreement if you:

- are convicted of or plead no contest to a felony; or
- are convicted of or plead no contest to any crime or offense (other than a felony) or engage in conduct that is likely to adversely affect the reputation of the Bakery Cafe and the goodwill associated with the Great Harvest System; or
- Use or disclose any of our Great Harvest System without our permission; or
- Don't pay us royalties or other payments owed us. If you fail to pay money you owe us as spelled out in this Agreement or in other agreements between you and us, we will send you a letter that will give you thirty (30) days to make full payment unless it is your third such

failure to pay within a twelve month period, in which case we may terminate without providing a letter and thirty (30) day right to cure; or

- Become bankrupt or subject to any chapter of the United States Bankruptcy Code. Or become insolvent, or have a receiver appointed to take possession of all or part of your business or property. Or make a general assignment for the benefit of creditors. Or be the object of a judgment which remains unsatisfied for a period of more than 30 days after all rights of appeal have expired or been exhausted; or
- Don't pay money owed to third parties, including supply vendors, where the failure to pay would, in our reasonable opinion, adversely affect the reputation of the Great Harvest System; or
- Default on the Bakery Cafe lease or sublease and fail to cure the default within the time period specified in the lease or sublease; or
- Are closed by order of government authorities for failure to comply with applicable laws, ordinances, or regulations; or in the case of health, safety, or sanitation violations, if you fail to cure such problem within 72 hours of your receipt of written notice of the problem; or
- Open a Great Harvest Store location without our prior written permission; or
- Lie to us by misrepresenting any material fact in writing; or
- Abandon your Bakery Cafe or surrender or transfer control of the Bakery Cafe or any of the rights or obligations laid out in this agreement to someone else without first getting our written permission. For the purposes of this agreement, abandonment is defined as any closure of your Bakery Cafe where you don't make substantial and continuing efforts to reopen the Bakery Cafe as soon as possible. This does not include vacations where you will prominently post prior notice to the public of your closing and where you will post a specific and reasonable date when the Bakery Cafe will reopen; or
- Breach this Agreement, including the payment obligations, 3 times during a twelve-month period, whether the breach is subsequently cured or not; or
- Intentionally understate Gross Sales reported to us; or
- Purchase less than 100% of the wheat used in your Bakery Cafe from the Great Harvest approved suppliers.

Both parties agree that it's desirable to minimize closures of Great Harvest Store locations because it harms the perception of the brand for customers and buyers of new Great Harvest Store franchises. In order for us to have some power to facilitate a transition in the event of a likely closure, you agree that if we have notified you in writing of a default that is curable under this Agreement, and you fail to give us written notice within seven days of your intent to cure that default, or you ultimately fail to cure the default within the applicable cure period, or if we have notified you in writing of a default that is not curable under this Agreement, then even if you are not terminated, we and our affiliates have the right (without liability) to consult with Interested Parties (defined as suppliers, landlords, leasing agents, property managers, creditors, and other parties with whom you, we, our affiliates, or other franchisees deal) about your account status with them and us and to advise those Interested Parties that you are in default under any agreement with us or our affiliates and details about your opportunity to cure, if applicable. You waive any claim that the communications we have with Interested Parties in good faith to protect our business interests, and the goodwill of the Great Harvest franchise system, in connection with a possible change in the status of our franchise relationship with you (whether a termination or transfer) constitutes tortious interference with contractual or business relationships or otherwise is unlawful or inappropriate in any way.

C25. Your responsibilities after termination or expiration

If you leave the Great Harvest franchise system, we have an obligation to other owners using the Great Harvest System to make sure you have closed up your Bakery Cafe in a good way, one that

doesn't cause damage to the franchise system as a whole or to other owners. Consequently, before the date of termination or expiration of the Agreement you agree to do the following:

MONEY:

You agree to pay us all money you owe us up through the termination or expiration date, including any unpaid royalties. If we terminate you for one of the reasons outlined in Section C24 or because you failed to live up to what you have promised to do in this Agreement, you agree to also reimburse us for any reasonable Attorneys' Fees and general expenses we may have incurred or will incur as a result of your violation of this Agreement as well as any actual and consequential damages to us.

CONFIDENTIAL MATERIALS:

You agree to return to us the Confidential Start-Up Kit, back newsletters, recipes, pages printed from the Extranet and any other kits, specifications, advertising materials, training materials or other materials we provide as part of the Great Harvest System within 5 days after termination or expiration. You also agree not to make or retain copies of any of this material. If you received a computer at Dillon Learning Week/ Bakery Cafe School, you agree to send it to us to erase our confidential information and return it to you. You promise to keep no copies, electronic or otherwise, of the information we erase.

INVENTORY:

You agree to allow us, at our option, to purchase from you, at your cost, any or all inventory in re-salable condition that either bears our trademarks or is prepared according to our trade secret specifications, such as your wheat inventory. You agree to provide us with a written list of your inventory upon our request. We will provide written notice of our election by the effective date of the termination or expiration. If the termination is caused by any default by you under Section C24 or otherwise, we may exercise this right of purchase as quickly as 10 days following the termination date.

SIGNS AND TRADEMARKS:

Subject to our right (described below) to purchase the Bakery Cafe's operating assets and/or receive an assignment of the Bakery Cafe's lease upon expiration or termination of this Agreement, you agree to remove or permanently cover the exterior signs displaying the Great Harvest logo and any other signs, advertisements, Internet web sites, blogs, or other on-line accounts or materials identifiable in any way with Great Harvest's name or image. All new signs, marks and advertising materials must be designed to our satisfaction such that there will be no likelihood of confusion with the Great Harvest trademarks and no suggestion of affiliation or former affiliation with the Great Harvest System.

You agree to stop using or displaying our trademarks or any confusingly similar names, marks, signs, or symbols. This includes removing any and all references to the Great Harvest name or trademarks in telephone numbers, white and yellow page references, advertisements, or any other sources that list or mention your bakery in any way. Also stop using and displaying any part of the Great Harvest System as defined in this Agreement.

If you fail to make the necessary changes, we will have the right to make them for you, at your expense.

GIFT CARDS AND GIFT CERTIFICATES:

You collected money as you sold gift cards and gift certificates, so you agree that the liability for the unredeemed cards and certificates belongs to you alone (unless you have paid us to assume the liability per Section C11). Upon termination, we will present you with a reasonable plan for satisfying these obligations and you agree to comply.

DOMAIN NAMES:

If your domain name(s) or any other name(s) you use for any interactive site you maintain, in compliance with this Agreement and our Great Harvest Web Standards, on the Internet (or any other similar proprietary or common carrier electronic delivery system) in connection with your Bakery Cafe's operation (the "Domain Names") includes any of the Great Harvest trademarks (including the name *Great Harvest Bread Co.*) or either of the words "Great" or "Harvest" (the "Trademark Domain Names"), you agree to approve and not to interfere with all transfers we initiate for the Trademark Domain Name(s) and to take all other action we request to transfer ownership and use of the Trademark Domain Name(s) to us. You may not charge us for your compliance with this clause.

If your Domain Name(s) does not include any of the Great Harvest trademarks (including the name *Great Harvest Bread Co.*) or either of the words "Great" or "Harvest," but you nonetheless used the Domain Name(s) in connection with your Bakery Cafe's operation and intend to use the Domain Name(s) while engaging in any activity that meets the definition of a competing business (defined in C18), then you agree, whether or not we seek to enforce your broader post-term non-compete obligations, to approve and not to interfere with all transfers we initiate for the Domain Name(s) and to take all other action we request to transfer ownership and use of the Domain Name(s) to us. You may not charge us for your compliance with this clause.

NOTIFICATION:

You agree to notify us and provide us with a plan as detailed below if you, or any business in which you have any ownership interest or control, intend to make or sell any baked products at any time during the remaining term of this Agreement or within two years after the termination or expiration of this Agreement, whichever is later.

PLANS:

Subject to our right (described below) to purchase the Bakery Cafe's operating assets and/or receive an assignment of the Bakery Cafe's lease upon expiration or termination of this Agreement, you agree to give us a detailed written de-identification plan for your Bakery Cafe. This plan will tell us how you intend to comply with this Section C25, as well as the covenant not to compete and confidentiality requirements set forth in Sections C16, C17 and C18. We will provide you with a sample de-identification plan if you ask us.

TRADE SECRETS:

You agree to stop representing yourself as a Great Harvest bakery cafe or suggest in the way you operate your store that you are still using Great Harvest trade secrets. You agree to not represent to anyone that you are still baking the same fine breads or using the same or similar recipes or preparation techniques to those used while you were operating your Bakery Cafe. To avoid any confusion and to make it easier for us to verify you are no longer using the Great Harvest System or our trade secrets, you agree that if you operate a store offering baked goods, you will not do the following. This is not a complete list of our trade secrets:

- Use a thermometer to measure internal temperature of baked breads;

- Use any of the bread names you had used while part of Great Harvest. For instance, if you had been selling a bread called “Oregon Herb” while part of Great Harvest, you may not use that name again even if the product differs and whether or not the name is a registered or protected trade mark of Great Harvest;
- Time the mixing process, but will instead mix until done;
- Use a two-stage process of preparing doughs that is substantially similar to the process used by most Great Harvest Stores.

INSPECTIONS:

You agree to allow us to conduct on-site inspections of any business of yours that makes or sells bread products for a period of two years from the date of the termination or expiration of this Agreement. This includes businesses that you own or control in whole or in part, whether or not operated at the location of your former Bakery Cafe. You agree that during an inspection of this sort, we may observe all aspects of your business operation, including any bread making techniques or processes, any recipes and any printed forms used in your business. If you are in compliance with the post-termination obligations of this Agreement, we agree that we will conduct no more than two inspections per year, per business location. If we learn that you are not in compliance with the post-termination obligations, you agree that we can inspect for an additional two years from the date we learn of your non-compliance.

OPTION TO PURCHASE OPERATING ASSETS:

Exercise of Option

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without renewal), we have the option, exercisable by giving you written notice before or within thirty (30) days after the effective date of termination or expiration, to purchase the operating assets and other assets associated with the Bakery Cafe’s operation that we designate. We have the unrestricted right to assign this purchase option to a third party (including an affiliate), which then will have the rights and, if the purchase option is exercised, obligations described in this portion of Section C25. (All references in this portion of Section C25 to “we” or “us” include our assignee if we have exercised our right to assign this purchase option to a third party.) We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including representations and warranties regarding ownership and condition of, and title to, assets; liens and encumbrances on assets; validity of contracts and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Bakery Cafe before the closing of our purchase. While we (or our assignee) are deciding whether to exercise the option to purchase, we (or our assignee) have the right to conduct any investigations to determine: (1) the ownership and condition of the operating assets; (2) liens and encumbrances on the operating assets; (3) environmental and hazardous substances at or upon the Bakery Cafe’s site; and (4) the validity of contracts and liabilities inuring to us (or our assignee) or affecting the operating assets. You must give us and our representatives access to the Bakery Cafe at all reasonable times to conduct inspections of the operating assets.

If you or one or more of your owners, directly or through another entity, hold title to the underlying real estate on which the Bakery Cafe’s physical structure is located, we (or our assignee) may elect to lease that site from you or your owner (or the entity) for an initial five (5) or ten (10) year term (at our option), with one renewal term of five (5) or ten (10) years (again at our option), on commercially-reasonable terms. If you lease the Bakery Cafe’s site from an unaffiliated lessor, you agree (at our option) to assign the lease to us or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease.

Purchase Price

If we elect to purchase all or substantially all of the operating assets and other assets associated with the Bakery Cafe's operation, the purchase price for those assets (other than "Inventory," which is addressed above) will be their fair market value, although fair market value will not include any value for (1) the franchise or any rights granted by this Agreement, (2) goodwill attributable to our trademarks, brand image, and other intellectual property, or (3) participation in the Great Harvest system. In all cases, we may exclude from the assets purchased any operating assets or other items not reasonably necessary (in function or quality) to the Bakery Cafe's operation or that we have not approved as meeting our required standards and specifications; the purchase price will reflect those exclusions. We and you must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after we deliver our notice exercising our right to purchase. If we and you cannot agree on fair market value within this fifteen (15)-day period, fair market value will be determined by the following appraisal process.

Fair market value will be determined by one independent accredited appraiser upon whom we and you agree who, in conducting the appraisal, will be bound by the criteria specified above. We and you agree to select the appraiser within fifteen (15) days after we deliver our purchase notice (if we and you do not agree on fair market value before then). If we and you cannot agree on a mutually-acceptable appraiser within the fifteen (15) days, we will send you a list of three (3) independent appraisers, and you must within seven (7) days select one of them to be the designated appraiser to determine the purchase price. Otherwise, we have the right to select the appraiser. We and you will share equally the appraiser's fees and expenses. Within thirty (30) days after delivery of notice invoking the appraisal mechanism, we and you each must send the appraiser our and your respective calculations of the purchase price, with such detail and supporting documents as the appraiser requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the assets' fair market value. The appraiser has no authority to compromise between the two (2) proposed purchase prices; it is authorized only to choose one or the other. The appraiser's choice will be the purchase price and is final.

Closing

We will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined. However, we may decide after the purchase price is determined not to complete the purchase and will have no liability to you for choosing not to do so. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us (or our affiliates). At the closing, you agree to deliver instruments transferring to us: (1) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; (2) all of the Bakery Cafe's licenses and permits that may be assigned; and (3) possessory rights to the Bakery Cafe's site.

If you cannot deliver clear title to all purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your owners further agree to sign a Mutual General Release, in a form satisfactory to us, of any and all claims. If we exercise our rights under this portion of Section C25, then for two (2) years beginning on the closing date, you and your owners (and the other restricted persons) will be bound by the non-competition covenants contained in Section C18.

You may not under any circumstances sell any of the Bakery Cafe's assets until we have exercised or elected not to exercise our right to purchase those assets, as provided in this Section.

C26. Mutual hold-harmless; Force Majeure

The parties will hold each other harmless from all third-party claims arising out of the operations of their respective businesses, including Attorneys' Fees. Neither party shall pledge the other's credit or bind it to any obligation, and each indemnifies and holds harmless the other against all demands, costs, and expenses arising in connection with its own business. We and you are not and do not intend to be partners, joint venturers, associates, agents, or employees of the other in any way, and we will not be construed to be jointly liable for any of your acts or omissions under any circumstances. We are not the employer or joint employer of the Bakery Cafe's employees. You or your Certified Manager is solely responsible for managing and operating the Bakery Cafe and supervising the Bakery Cafe's employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Bakery Cafe personnel, and others as the Bakery Cafe's owner, operator, and manager under a franchise we have granted and to place notices of independent ownership at the Bakery Cafe and on the forms, business cards, stationery, advertising, e-mails, and other materials we require from time to time.

If either party is reasonably prevented from performing our respective obligations, pursuant to this Agreement, due to forces of nature, war, riot, terrorism, or any other cause reasonably beyond the control of the affected party, the failure to perform shall be excused for the period of time the affected party is reasonably unable to perform.

C27. Agreement personal to you

This entire Agreement is personal with respect to you but not personal with respect to us. We will have the right to transfer or assign all or any part of this Agreement to any person or legal entity so long as the assignee agrees to meet all of our obligations under this Agreement.

C28. Remedies cumulative; waivers; non-uniformity

All of our and your rights and remedies under this Agreement will be cumulative, and, except as provided by this Agreement, none will exclude any other right or remedy allowed by law or equity. No failure on our part to exercise any power given us under, or insistence on your strict compliance with any obligations in, this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement, will constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Any waiver by us of the breach of any term of this Agreement will not be deemed to be a waiver of any subsequent breach of the same or different terms and conditions. Whenever this Agreement requires our prior approval or consent, you will make a timely written request, and such approval will be obtained in writing. You accept the necessity of such variances in special cases, and, although you may request a similar variance if your condition is similar, no variance to one franchisee shall ever imply a variance to any other without our specific agreement in writing. You also understand that uniformity is not a goal of the Great Harvest franchise and that, because every Great Harvest Store in our franchise system is unique, we may at our sole discretion create differing agreements with any of our franchisees based on the differing needs in each franchisee's business.

C29. Severability

If any applicable and binding law of any jurisdiction requires a greater prior notice than is required under this Agreement of our termination of this Agreement or our refusal to renew your franchise, or requires us to take some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the comparable provision of this Agreement, and we will have the right to modify the invalid or

unenforceable provision to the extent required to make it valid and enforceable. You agree to be bound by the provision as modified.

C30. Governing law & venue; construction

Except to the extent governed by the United States Trademark Act of 1946 (the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*) or other federal law, this Agreement will be deemed to have been made and entered into in the state of Montana. The Agreement will be construed and interpreted, and our relationship with you and the rights and obligations of the parties governed, in accordance with the internal laws of Montana, without regard to its conflicts of laws and principles. Any law which may be adopted by the state of Montana regulating the sale of franchises or governing the relationship between us and our Great Harvest Store owners will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

We recognize that the state in which the Bakery Cafe is located may have express laws on the enforceability of the non-compete clause. Therefore, the provisions of Sections C17, In-term Non-competition, and C18, Post-term Non-competition, shall be governed only by the laws of the State where the Bakery Cafe is located.

Both parties agree that they will bring any suit, action or other legal proceedings concerning this Agreement, or arising from their relationship, in the Montana Fifth Judicial District Court in Beaverhead County or to the federal court for the district where Great Harvest Franchising, Inc.'s home office is located, subject to their arbitration obligations under Section C32 below. In addition, we both acknowledge that these courts have personal jurisdiction and agree to waive any future objections concerning jurisdiction or venue.

As a franchisor, we have many internal policies concerning franchising issues that are not included in the text of this Agreement. Both Parties agree that any such policies or requirements adopted or implemented by Great Harvest and communicated to you through the operations manual shall be binding on you and that your continued adherence to such policies or requirements is an express condition of this Agreement. The parties further agree that Great Harvest shall have the right to amend or modify such policies or requirements, from time to time at its sole discretion, by changing the operations manual and that any such modification will supersede the prior policy or requirement.

All terms and words used will be construed as if they were written in the proper number and gender as the context may require. All references to fees and money are in U.S. dollars. If any provision of this Agreement is susceptible to two or more constructions, one which would render it enforceable and the other(s) which would render it unenforceable, the provision will have the meaning that renders it enforceable. If you consist of two or more individuals, they will be jointly and severally liable under this Agreement. Paragraph headings are inserted for convenience only and are not meant to limit the scope of the paragraphs.

C31. Notices

All notices with regard to this Agreement will be in writing and will be considered given when hand delivered or sent by registered mail, certified mail, or courier showing proof of delivery:

If to you, at:

(or at your Bakery Cafe address once a location has been determined).

If to us, at:

Great Harvest Franchising, Inc.
28 South Montana Street
Dillon, MT 59725

or such other addresses as may be specified by you or us by notice to the other.

C32. Conflict and dispute resolution

In any circumstance where a conflict or dispute arises between Great Harvest and you that cannot be resolved consensually, that dispute or conflict must be submitted by the aggrieved party to binding arbitration. The demand for arbitration must be in writing, with the specific disputes or claims detailed. The demand for arbitration must be served on the other party in the manner formal notices are specified elsewhere in this Agreement. When a party demands arbitration, the demanding party shall name a proposed arbitrator of that party's choice. The party receiving a demand for arbitration shall, within twenty (20) days of receipt of the demand, provide its answer to the arbitration demand and the specifics of any counterclaims or similar disputes and the name and address of that party's selected arbitrator. Within twenty (20) days of the response to the demand for arbitration, the two nominated arbitrators shall confer and select a third arbitrator who shall act as the referee or umpire of the arbitration. Decisions of the three selected arbitrators ("Arbitration Panel") shall be by majority vote of the arbitrators.

Within ten (10) days after the selection of the umpire, the Arbitration Panel shall meet or confer with representatives of the parties and an Arbitration Scheduling Order shall be finalized. The Arbitration Scheduling Order shall include provisions for: (a) selecting the site and location for the arbitration (in the home state or city of the franchisee, if possible); (b) providing for the orderly exchange of pre-arbitration discovery materials, including the exchange of documents, witness lists and expert opinions; (c) limiting the number, length and types of pre-arbitration depositions; (d) providing a procedure for obtaining subpoenas or other lawful procedures to provide each party to obtain compulsory attendance of witnesses or production of documents; (e) scheduling a final pre-arbitration hearing wherein the matter will be set for evidentiary hearing and procedures for that hearing determined; and (f) determining the date the arbitration hearing shall occur.

The party demanding arbitration of an issue shall bear the burden of proof, by a preponderance of the evidence, on that issue throughout the proceeding. The Arbitration Panel shall fix remedies and award damages, in its sole discretion, as the Arbitration Panel finds appropriate under the law and facts of the case. The final decision of the Arbitration Panel shall not be appealable and shall be reduced to writing and may be filed in an appropriate state court and enforced with the same power and authority as a final, non-appealable judgment of that state court. The Arbitration Panel may award to the party who substantially prevails in the arbitration the legal fees and costs of arbitration incurred by the prevailing party. The costs of the Arbitration Panel, including the arbitrators' fees and travel expenses, shall be borne equally by the parties, regardless of the final decision of the arbitrators.

In certain specific types of conflict or disputes, such as trademark infringement, defamation, violations of non-competition agreements, public health issues or theft, there may not be time for arbitration; immediate action might be necessary to prevent imminent or irreversible harm. Recognizing these special cases, we reserve the right, at our sole discretion, without initiating arbitration, to seek injunctive relief from a court of competent jurisdiction to enforce the non-competition, trademark, trade secret, confidentiality, and post-termination clauses of this Agreement or to enforce a termination of this Agreement. In addition, we may, without initiating arbitration, seek injunctive relief to address any circumstances in your business that might have an adverse effect on the public health.

C33. Misunderstandings deriving from poor business practice

This Agreement, together with such other written and signed understandings as may be amended to it, contains the entire agreement between the parties, and, except as provided in our Franchise Disclosure Document and operations manual (which is subject to change as provided in this Agreement), no promises or agreements, oral or otherwise, between the parties not embodied in this Agreement or other signed documents will be of any force or effect. Nothing in this Agreement requires you to waive reliance on the representations made in the Disclosure Document.

Any relationship based on long-term trust, such as the one this Agreement creates, is especially vulnerable to poor business practices. When trust is low, the parties are forced of necessity to be extremely careful and clear in all agreements and guard their own interests. When trust is high and continues high for years, misunderstandings can more easily proliferate unless extra care is taken. This is because each trusting party is prone to reading best intentions and even long-term promises into casual or non-rigorous statements by the other, assuming commitments that were never intended.

The long-term trusting relationship between you and us is too critical to the success of your Bakery Cafe and our franchise system to be left vulnerable to unchecked assumption, incorrect implication, or notes on a napkin. For this reason, we do not intend to make verbal or informal contracts except in the case of short-term, non-critical agreements ("I'll get it done by Thursday"). Our relationship with you, and yours with us, is too long-term for either of the parties to leave important understandings to non-rigorous (sloppy) business practices or memory. Conversations with us must never be misinterpreted as promises; impromptu statements made by us must never be taken out of context and relied on; likewise, we will never challenge your word and integrity based on something you said casually, but which we failed to get in writing. If we make any promise to you, or ask any promise from you, which is significant and affects our long term relationship and goes beyond the wording of this Agreement, it will *be* a promise, without any possible latitude for confusion: it will be written in a document, it will be signed by both of us, it will look formal, and it will be in binding on both of us.

You, the Bakery Cafe owner, may be a legal entity, a single person or a group of people. When more than one person is involved, you may have disagreements among your ownership group. Regardless of the number of owners you have, you agree that we may rely on the decision-making authority of those owners holding a majority ownership interest in the Bakery Cafe, even if not all owners of the Bakery Cafe agree with the decision.

C34. Acknowledgments

You acknowledge that:

There are risks involved in the business contemplated by this Agreement, and its success depends largely on your business ability. No warranty or guarantee by Great Harvest of the volume, profits, or success of the business contemplated by this Agreement, expressed or implied, has been received or relied upon by you.

You know of no representations by Great Harvest about the business contemplated by this Agreement that are contrary to this Agreement, although you may rely on the representations contained in our Franchise Disclosure Document. You have made no misrepresentations to us in order to obtain entry into this Agreement.

You have received, read and understood the current disclosure document for Great Harvest Franchising, Inc. at least fourteen calendar days (and, where applicable, 10 business days) prior to signing this Agreement. You have read and understood this Agreement and received it in its final form with all amendments, attachments and ancillary agreements, at least seven calendar days prior to signing it.

You are aware that many current Great Harvest Store owners operate under different forms of Agreements, and consequently Great Harvest's rights and obligations with respect to its various Great Harvest Store owners could differ materially.

Any pages amending this Agreement, if any, are attached and are incorporated as a part of this Agreement.

Intending to be legally and morally bound, the parties have executed this Agreement at the times and the places written below. The effective date of this Agreement is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER:

By: _____

And by: _____

Date: _____

Place: _____

EXHIBIT A: EXCLUSIVE SEARCH TERRITORY

The Exclusive Search Territory referenced in clause FYP 2 of the Franchise Agreement is highlighted on the attached map.

GREAT HARVEST FRANCHISING, INC.

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER:

By: _____

And by: _____

Date: _____

Place: _____

EXHIBIT B: EXCLUSIVE FRANCHISE TERRITORY

The Exclusive Franchise Territory referenced in clause C5 of the Franchise Agreement is highlighted on the attached map.

GREAT HARVEST FRANCHISING, INC.

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER:

By: _____

And by: _____

Date: _____

Place: _____

EXHIBIT C: LIST OF LOCATIONS

As referenced in clauses C17 and C18, a list of the Great Harvest Store locations that were open as of the Effective Date of this Agreement is attached.

GREAT HARVEST FRANCHISING, INC.

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER:

By: _____

And by: _____

Date: _____

Place: _____

EXHIBIT D: LEASE RIDER

This Lease Rider (this “Rider”) is entered into this _____, 20__ by and between _____ (“Franchisee”) and _____ (“Lessor”) and supplements and forms a part of the lease agreement (the “Lease”) between Franchisee and Lessor for the premises located at _____ (the “Premises”). In the event of a conflict between the Lease’s provisions and this Rider’s provisions, this Rider’s provisions shall control.

1. Lessor and Franchisee acknowledge and agree that this Rider is entered into in connection with, and as a condition to, the grant of a franchise by Great Harvest Franchising, Inc. (“Franchisor”) to Franchisee in accordance with the terms of a Great Harvest Franchising, Inc. Franchise Agreement dated _____, 20__ (the “Franchise Agreement”).

2. This Rider is intended to provide Franchisor the opportunity to reserve the Premises as a GREAT HARVEST Bakery Cafe under the circumstances set out.

3. During the Franchise Agreement’s term, Franchisee will use the premises only to operate a GREAT HARVEST Bakery Cafe.

4. Lessor agrees that Franchisor, or a franchisee of the GREAT HARVEST Bakery Cafe franchise system selected by Franchisor, shall have the right to receive an assignment of this Lease upon transfer, termination, or expiration of the Franchise Agreement between Franchisor and Franchisee, d/b/a GREAT HARVEST Bakery Cafe. Upon such transfer, termination, or expiration of said Franchise Agreement, Lessor shall promptly execute an acknowledgment of and consent to the assignment of the Lease.

5. Lessor will send to Franchisor copies of all default notices, and all notices of Lessor’s intent to terminate the Lease (or any rights of Franchisee under the Lease) or evict Franchisee from the leased premises, simultaneously with sending such notices to Franchisee. Such notice shall be delivered to Franchisor in writing by overnight delivery by FedEx, UPS, or other nationally-recognized overnight courier. Lessor and Franchisee hereby acknowledge and agree that Franchisor has the right, but is under no obligation, to cure any deficiency under the Lease, if Franchisee should fail to do so, within (i) fifteen (15) days after Franchisor’s receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor’s receipt of such notice as to non-monetary defaults. Such copies must be sent to:

Great Harvest Franchising, Inc.

28 South Montana Street

Dillon, Montana 59725

Attn: President

6. **Consent to Collateral Assignment to Franchisor; Disclaimer.** Lessor acknowledges that Franchisee intends to operate a GREAT HARVEST Bakery Cafe in the Premises, and that Franchisee’s rights to operate a GREAT HARVEST Bakery Cafe and to use the trade and service marks associated with the GREAT HARVEST Bakery Cafe franchise system are solely pursuant to the Franchise Agreement. Franchisee’s operations at the Premises are independently owned and operated. Lessor acknowledges that Franchisee alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Lessor hereby consents, without payment of a fee and without the need for further Lessor consent, to (i) the collateral assignment of Franchisee’s interest in this Lease to Franchisor to secure Franchisee’s obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor’s (or any entity owned

Franchise Agreement, Page 39

or controlled by, or under common control or ownership with, Franchisor) succeeding to Franchisee's interest in the Lease by mutual agreement of Franchisor and Franchisee, or as a result of Franchisor's exercise of rights or remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Franchisee, and/or (iii) Franchisee's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Lessor and Franchisee agree and acknowledge that simultaneously with such assignment pursuant to the immediately-preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Franchisee nor any other franchisee shall be afforded such release in the event Franchisee or such other franchisee is the assignor unless otherwise agreed by Lessor. Lessor further agrees that all unexercised renewal or extension rights and other rights stated to be personal to Franchisee shall not be terminated in the event of any assignment referenced herein but shall inure to the benefit of the applicable assignee.

7. Franchisee agrees that termination of the Franchise Agreement shall be a default under the Lease. In the event of termination of the Franchise Agreement, or if Franchisee fails to timely cure any defaults under the Lease, Franchisee shall within ten (10) days after written demand by Franchisor assign all of its right, title, and interest in and to the Lease to Franchisor. If Franchisee fails to do so within the said ten (10) days, Franchisee hereby designates Franchisor as its agent to execute any and all documents and to take all action as may be necessary or desirable to effect the assignment of the Lease and the relinquishment of any and all of Franchisee's rights thereunder. Lessor hereby consents to such assignment subject to Franchisor executing an assignment of the Lease and curing all defaults of Franchisee of which Franchisor has been notified under the Lease and this Rider before taking possession of the Premises. Franchisee further agrees to promptly and peaceably vacate the Premises and to remove its personal property at the written request of Franchisor. Any property not so removed by Franchisee within ten (10) days following receipt of such written request shall be deemed abandoned by Franchisee and immediately and permanently relinquished to Franchisor.

8. Franchisor or its affiliates may enter the premises to make any modifications or alterations necessary to protect the GREAT HARVEST Bakery Cafe franchise system and the trade and service marks associated with the GREAT HARVEST Bakery Cafe franchise system or to cure any default under the Franchise Agreement or Lease at any time and without prior notice to Lessor.

9. Notwithstanding anything contained in the Lease to the contrary or in conflict, it will be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt, or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Franchisee's rights under this Lease or Franchisee's possession of the Premises, so long as Franchisee is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to Section 6 above).

10. Lessor acknowledges that the value of the GREAT HARVEST Bakery Cafe brand is derived from the ability to provide uniform products and services and the uniform appearance of its brand, signs, and store concept. As a result, Lessor shall, without charge, permit Franchisee to comply with standard changes and updates by Franchisor to its brand, signs, and store concept; provided that such changes and updates are not in violation of the express terms of the Lease. In the event that Lessor approval for such changes and updates is required under the Lease, such approval shall not be unreasonably withheld.

11. Franchisor shall have the right, but not the obligation, to enter the Premises to take any action necessary, without damage to the Premises, to protect the GREAT HARVEST Bakery Cafe brand within thirty (30) days after Franchisor receives a notice of termination or expiration of the Lease from Lessor (if Franchisor does not exercise its right to receive an assignment of the lease), including, but not limited to, the right to remove, alter, or repaint any signage or proprietary items identifying Franchisor. Any material alterations, design, or color changes shall require prior Lessor approval,

which approval shall not be unreasonably withheld.

12. Franchisee may not assign the Lease or sublet the Premises without Franchisor's prior written consent, and Lessor will not consent to an assignment or subletting by Franchisee without first verifying that Franchisor has given its written consent to Franchisee's proposed assignment or subletting.

13. Franchisee shall be and remain liable to Lessor for all of its obligations under the Lease, notwithstanding any assignment of the Lease to Franchisor or another permitted party. Franchisor shall be entitled to recover from Franchisee all amounts it pays to Lessor to cure Franchisee's defaults under the Lease, including Franchisor's reasonable collection costs.

14. If the Lease contains term renewal or extension right(s) or other lease options and Franchisee allows the term to expire without exercising such right(s), Lessor shall give Franchisor written notice to this effect, and Franchisor shall have the option for thirty (30) days following receipt of such notice to exercise Franchisee's renewal or extension right(s) or lease options on the same terms and conditions as are contained in the Lease. If Franchisor elects to exercise such right(s), it shall notify Lessor in writing, at which time Lessor and Franchisor shall promptly execute and exchange an agreement whereby Franchisor assumes the Lease effective at the date of termination of any holdover period by Franchisee.

15. Franchisor is an intended third-party beneficiary under the provisions set forth above with independent rights to enforce them, and neither Lessor nor Franchisee may alter or limit any of those provisions without Franchisor's prior written approval.

16. Lessor agrees to provide Franchisor with a copy of the fully-executed Lease within ten (10) days of its full execution by Lessor and Franchisee to the address shown in paragraph 4 above.

This Rider amends the Lease between Lessor and Franchisee. The parties described hereinabove; and except as provided herein, all other terms of said Lease shall remain unchanged.

IN WITNESS WHEREOF, the parties have executed this Rider as of the date first above written.

LESSOR: _____

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

EXHIBIT B
LIST OF STATE AGENCIES/AGENTS FOR
SERVICE OF PROCESS

**STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

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

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

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

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

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

(state agency)

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

MARYLAND

(for service of process)

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

(state agency)

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

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

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

NEW YORK

(for service of process)

Attention: 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

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

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

VIRGINIA

(for service of process)

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

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT C
FINANCIAL STATEMENTS



Financial Statements
October 31, 2021, 2020, and 2019
Great Harvest Franchising, Inc.

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Independent Auditor's Report

The Stockholders and Board of Directors
Great Harvest Franchising, Inc.
Dillon, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Great Harvest Franchising, Inc., which comprise the balance sheets as of October 31, 2021, 2020, and 2019, and the related statements of operations, stockholders' deficit and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Great Harvest Franchising, Inc. as of October 31, 2021, 2020, and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has adopted the provisions of FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as of November 1, 2020 with the cumulative effect recorded to retained earnings. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Billings, Montana
January 31, 2022

Great Harvest Franchising, Inc.

Balance Sheets

October 31, 2021, 2020, and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 470,417	\$ 822,287	\$ 177,323
Royalties receivable, net of allowance for doubtful accounts of \$-0-, \$6,456, and \$3,519 at 2021, 2020 and 2019, respectively	440,036	471,747	454,891
Trade receivables, net of allowance for doubtful accounts of \$38,707, \$-0-, and \$-0- at 2021, 2020 and 2019, respectively	124,130	197,965	50,730
Inventory	12,572	21,746	33,996
Current portion of note receivable	12,558	11,199	12,499
Interest receivable	-	1,447	-
Prepaid expenses and other assets	126,952	124,670	120,802
Total current assets	<u>1,186,665</u>	<u>1,651,061</u>	<u>850,241</u>
Property and Equipment			
Land	32,657	32,657	32,657
Building and improvements	1,314,954	1,292,745	1,292,745
Fixtures and equipment	435,175	1,328,500	1,319,604
Construction in progress	20,000	-	-
	1,802,786	2,653,902	2,645,006
Less accumulated depreciation	<u>(1,518,672)</u>	<u>(2,279,026)</u>	<u>(2,166,958)</u>
Net property and equipment	<u>284,114</u>	<u>374,876</u>	<u>478,048</u>
Other Assets			
Note receivable, net of current portion	16,682	47,842	49,646
Other intangible asset	-	-	13,125
Total other assets	<u>16,682</u>	<u>47,842</u>	<u>62,771</u>
Total assets	<u>\$ 1,487,461</u>	<u>\$ 2,073,779</u>	<u>\$ 1,391,060</u>

Great Harvest Franchising, Inc.

Balance Sheets

October 31, 2021, 2020, and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Liabilities and Stockholders' Deficit			
Current Liabilities			
Accounts payable	\$ 77,984	\$ 224,262	\$ 203,182
Accrued interest	27,261	22,311	24,635
Accrued compensation and benefits	134,512	127,645	59,509
Current maturities of long-term debt	477,153	867,921	412,614
Current portion of deferred franchise fees and territory deposits	1,109,893	216,750	284,500
Other accrued liabilities	<u>392,299</u>	<u>371,632</u>	<u>358,532</u>
Total current liabilities	2,219,102	1,830,521	1,342,972
Long-Term Debt, Less Current Maturities and Unamortized Debt Issuance Costs of \$188,576, \$213,860, and \$239,144 at 2021, 2020, and 2019, respectively	4,522,399	4,973,236	5,254,612
Deferred Franchise Fees and Territory Deposits, Less Current Portion	<u>-</u>	<u>-</u>	<u>7,500</u>
Total liabilities	<u>6,741,501</u>	<u>6,803,757</u>	<u>6,605,084</u>
Stockholders' Deficit			
Common stock, no par value; 50,000 authorized shares, issued and outstanding shares of 11,262 in 2021, 2020, and 2019	962,949	962,949	962,949
Retained earnings	355,653	819,715	335,669
Treasury stock of 5,497 shares in 2021 and 5,435 shares in 2020 and 2019	<u>(6,572,642)</u>	<u>(6,512,642)</u>	<u>(6,512,642)</u>
Total stockholders' deficit	<u>(5,254,040)</u>	<u>(4,729,978)</u>	<u>(5,214,024)</u>
Total liabilities and stockholders' deficit	<u>\$ 1,487,461</u>	<u>\$ 2,073,779</u>	<u>\$ 1,391,060</u>

Great Harvest Franchising, Inc.
Statements of Operations
Years Ended October 31, 2021, 2020, and 2019

	2021	2020	2019
Revenues			
Franchise royalties	\$ 4,770,617	\$ 4,428,946	\$ 4,852,625
Franchise fees	378,327	365,982	289,000
Company owned and operated bakery sales	-	68,216	158,906
Total revenues	5,148,944	4,863,144	5,300,531
Operating Expenses			
Franchise	4,256,753	4,024,297	4,421,992
Company owned and operated bakery	54,050	139,777	231,883
Total operating expenses	4,310,803	4,164,074	4,653,875
Operating income	838,141	699,070	646,656
Other Income (Expense)			
Interest income	644	2,238	2,053
Subsidy relief received	18,000	329,970	-
Paycheck Protection Program loan forgiveness	414,100	-	-
Interest expense	(303,179)	(361,470)	(452,814)
Loss on sale of property and equipment	(24,220)	(1,500)	(16,920)
Patronage dividend	-	14,881	55,550
Other income (expense)	17,972	7,550	(7,410)
Total other income (expense)	123,317	(8,331)	(419,541)
Net income	\$ 961,458	\$ 690,739	\$ 227,115

Great Harvest Franchising, Inc.
 Statements of Stockholders' Deficit
 Years Ended October 31, 2021, 2020, and 2019

	Common Stock		Retained Earnings	Treasury Stock	Total Stockholders' Deficit
	Shares	Amount			
Balance at October 31, 2018	11,262	\$ 962,949	\$ 250,804	\$ (6,512,642)	\$ (5,298,889)
Cash dividends paid	-	-	(142,250)	-	(142,250)
Net income	-	-	227,115	-	227,115
	11,262	962,949	335,669	(6,512,642)	(5,214,024)
Balance at October 31, 2019	11,262	962,949	335,669	(6,512,642)	(5,214,024)
Cash dividends paid	-	-	(206,693)	-	(206,693)
Net income	-	-	690,739	-	690,739
	11,262	962,949	819,715	(6,512,642)	(4,729,978)
Balance at October 31, 2020	11,262	962,949	819,715	(6,512,642)	(4,729,978)
Cash dividends paid	-	-	(420,675)	-	(420,675)
Impact of change in accounting policy	-	-	(1,004,845)	-	(1,004,845)
Reissuance of treasury stock	-	-	-	(60,000)	(60,000)
Net income	-	-	961,458	-	961,458
	11,262	962,949	355,653	(6,572,642)	(5,254,040)
Balance at October 31, 2021	11,262	\$ 962,949	\$ 355,653	\$ (6,572,642)	\$ (5,254,040)

Great Harvest Franchising, Inc.
Statements of Cash Flows
Years Ended October 31, 2021, 2020, and 2019

	2021	2020	2019
Operating Activities			
Net income	\$ 961,458	\$ 690,739	\$ 227,115
Adjustments to reconcile net income to net cash from operating activities			
Depreciation	115,073	122,569	131,557
Amortization	-	1,625	1,875
Intangible asset impairment	-	11,500	-
Goodwill impairment	-	-	5,409
Interest expense attributable to amortization of debt issuance costs	25,284	25,284	44,418
Provision for doubtful accounts	24,232	4,717	5,583
Loss on sale of property and equipment	24,220	1,500	16,920
Paycheck Protection Program loan forgiven	(414,100)	-	-
Principal portion of subsidy relief received	(18,000)	(202,540)	-
Changes in assets and liabilities:			
Royalties receivable	38,167	(21,573)	11,068
Trade receivables	73,835	(147,235)	14,736
Franchise fee and territory development right receivable	-	-	35,000
Inventory	9,174	12,250	(27,863)
Interest receivable	-	(1,447)	-
Prepaid expenses and other assets	(2,282)	(3,868)	28,175
Accounts payable	(146,278)	21,080	19,793
Accrued interest	4,950	(2,324)	(3,455)
Accrued compensation and benefits	6,867	68,136	(41,182)
Deferred franchisee fees and territory deposits	893,143	(75,250)	53,500
Other accrued liabilities	20,667	13,100	(1,272)
Net Cash from Operating Activities	<u>1,616,410</u>	<u>518,263</u>	<u>521,377</u>
Investing Activities			
Purchases of property and equipment	(50,031)	(22,397)	(23,708)
Proceeds from sale of property and equipment	1,500	1,500	9,461
Principal received on note receivable	560	3,104	6,799
Net Cash used for Investing Activities	<u>(47,971)</u>	<u>(17,793)</u>	<u>(7,448)</u>

Great Harvest Franchising, Inc.
Statements of Cash Flows
Years Ended October 31, 2021, 2020, and 2019

	2021	2020	2019
Financing Activities			
Proceeds from issuance of long-term debt	\$ -	\$ 564,100	\$ 5,290,000
Payment of debt issuance costs	-	-	(252,838)
Principal payments on debt	(434,789)	(212,913)	(5,556,327)
Advances on line of credit	50,000	65,000	10,000
Principal payments on line of credit	(50,000)	(65,000)	(10,000)
Purchase of treasury stock	(60,000)	-	-
Dividends paid	(420,675)	(206,693)	(142,250)
Net Cash from (used for) Financing Activities	(915,464)	144,494	(661,415)
Net Change in Cash and Cash Equivalents	652,975	644,964	(147,486)
Cash and Cash Equivalents, Beginning of Year	822,287	177,323	324,809
Impact to Beginning of Year for Change in Accounting Principle	(1,004,845)	-	-
Cash and Cash Equivalents, End of Year	\$ 470,417	\$ 822,287	\$ 177,323
Supplemental Disclosure of Cash Flow Information			
Cash payments for interest	\$ 145,512	\$ 211,077	\$ 411,851
Supplemental Disclosure of Non-cash Investing and Financing Activities			
Principal payments on long-term debt subsidized by Small Business Administration (SBA)	\$ 18,000	\$ 202,540	\$ -
Paycheck Protection Program loan forgiven by SBA	414,100	-	-

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity

Great Harvest Franchising, Inc. (the "Company") is a franchisor of Great Harvest Bread Co. bread stores. At October 31, 2021, Great Harvest Franchising, Inc. had no Company operated bread store and approximately 180 franchised bread stores and satellite locations open throughout 43 states. Great Harvest Franchising, Inc. provides various support services and programs to its franchisees.

Concentrations of Credit Risk

The Company maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturity of three months or less.

Receivables and Credit Policy

Royalties receivable are uncollateralized obligations due under terms of the Company's franchise agreements with its franchisees, requiring monthly payment. At the Company's discretion, it may charge a \$50 late fee and interest on past-due balances. Royalties receivable are stated at the contractual amounts under each franchise agreement and are based upon a specified percentage of each franchisee's monthly gross sales. Payment of royalties' receivable are allocated to the specific month to which the payment applies or, if unspecified, are applied to the earliest unpaid month.

Trade receivables consist principally of franchisee obligations due to the Company for reimbursement of advertising costs.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

Note receivable represents a collateralized obligation due under extended payments terms exceeding one year. The note carries a fixed interest rate of 3.0%, with payments applied first to unpaid interest balances and any remainder to the principal balance. The Company evaluates the collectability of the balance based upon historical experience and the specific circumstances of the individual note, with an allowance for uncollectible amounts being provided, if necessary. For each of the years ended October 31, 2021, 2020 and 2019, the Company has determined an allowance for doubtful accounts in the amount of \$-0-. The Company deemed portion of the note receivable uncollectible and wrote-off \$29,241, \$-0-, and \$-0- of the principal balance for the years ended October 31, 2021, 2020 and 2019, respectively.

Inventory

Inventory is stated at the lower of cost, determined on a first in, first out basis, or net realizable value.

Other Intangible Assets

In 2018, the Company paid a fee to the local franchisee in order to operate a Great Harvest kiosk within the franchisee's territory. This fee is being amortized over a period of eight years, the term of the agreement. In October 2020, this location was closed with no intent of re-opening, at such time the unamortized franchisee fee of \$11,500 was deemed impaired. See Note 4.

Goodwill

Goodwill represents costs in excess of purchase price over the fair value of asset and liabilities of a franchise bakery acquired. The Company adopted Accounting Standards Update (ASU) 2014-02, *Intangibles-Goodwill and Other: Accounting for Goodwill*. This accounting alternative allows management to elect to amortize goodwill over a 10-year life. In accordance with the adoption of this accounting alternative for goodwill, the Company has also elected to test goodwill for impairment, upon the occurrence of one or more triggering events, at the Company level. The Company has adopted this standard, as management believes the amortization of goodwill more accurately reflects financial statement information significant to the users of the financial statements.

Goodwill is amortized on a straight-line method over a period of 10 years. Goodwill will be tested for impairment upon the occurrence of an event that would indicate the fair value of the Company is below its carrying value. During the year ended October 31, 2019, the Company recorded goodwill impairment of \$5,409 and during the year ended October 31, 2017, the Company recorded goodwill impairment of \$1,250 in addition to the amortization.

Paycheck Protection Program (PPP) Loan

The Company was granted a \$414,100 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Company initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Company recognized \$414,100 of loan forgiveness income for the year ended October 31, 2021. The Company has no further obligation as of October 31, 2021.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method. The straight-line method is a reasonable estimate of the effective interest method. Debt issuance costs are included within the long-term debt on the balance sheets. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets as follows:

Building and improvements	30 years
Fixtures and equipment	2 to 5 years

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at October 31, 2021, 2020, and 2019.

Gift Cards

The Company sells gift cards redeemable at its franchised locations. Gift cards are recorded as liabilities upon issuance. When gift cards are redeemed in franchised locations, the Company has a third-party gift card processor that reconciles and transfers funds between selling and redeeming bakery locations on a monthly basis. Franchisees include gift card redemptions in their revenue reporting to the Company, and the Company collects royalties from franchisees based on total revenues, including gift card redemptions. The Company recognizes revenue from unredeemed gift cards at the point in which redemption is deemed remote. See Note 5 for the amount of outstanding gift cards at October 31, 2021, 2020, and 2019.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be taxed as an S Corporation. The stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its stockholders.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of October 31, 2021, 2020, and 2019, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers over the period of time during which it is transferring said goods and services. The ASU replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Company adopted Topic 606 as of November 1, 2020, using the modified retrospective approach and recorded the cumulative effect of adoption as an adjustment to retained earnings. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. See Note 12.

Franchise fees consist of initial fees due upon awarding franchises to franchisees. Franchise fees are recognized on a straight-line basis as the Company satisfies the performance obligation over the franchise term, which is no more than 10 years. Prior to the adoption of Topic 606, franchise fees were deferred and recognized as revenue by the Company during the period in which franchisees open their bread store for business.

Franchise royalties consist of monthly fees based upon a percentage of franchisees' monthly gross sales. Royalties range from 1% to 7% of gross sales. Franchise royalties are paid monthly by the franchisees and are recognized by the Company during the period in which the related sales occur at the franchised bread stores.

During the year ended October 31, 2018, the Company began offering development rights riders for specified locations and territories. The fee for development rights is due upon signing of the development rider and is non-refundable. The Company recognizes the development rights fee on a straight-line basis as the Company satisfies the performance obligation over the development rights rider agreement term, which is not more than 5 years. Prior to the adoption of Topic 606, the Company recognized the revenue on development rights at the time the development rider is signed, and the rights are granted.

There are select states that prohibit the Company from collecting the development right fee and franchise initial fee until the bread stores opens. In such cases, the Company recognizes the revenue as identified above and records a receivable for the amount to be later collected as mandated by the state.

The Company recognizes Company owned and operated product sales upon delivery to the customer.

The Company recognizes the patronage dividend received from its lender as the time of receipt. The patronage dividend is a benefit received from the Company's prior lender. Patronage dividend income for the years ended October 31, 2021, 2020, and 2019 totaled \$-0-, \$14,881, and \$55,550, respectively.

For the year ended October 31, 2021, revenue recognized for services transferred at a point in time and for services transferred over time totaled \$4,770,617 and \$378,327, respectively.

In addition, effective November 1, 2020, the Company adopted the amendments of Accounting Standards Update (ASU) 2021-02, *Franchisors – Revenue from Contracts with Customers Practical Expedient*. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to the franchisee as distinct from the franchise license if services are consistent with a predefined list within the ASU. Additionally, amendments in ASU 2021-02 provides an accounting policy election to recognize the pre-opening services as a single performance obligation. As a result of the adoption of this practical expedient, the Company will continue to recognize the pre-opening services fees at the time of the franchise location opening rather than over the term of the franchise agreement.

Advertising

Advertising costs are expensed as incurred. Such costs approximated \$33,000, \$133,000, and \$161,000, respectively, for the years ended October 31, 2021, 2020, and 2019.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income or stockholders' equity.

Newly Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. This amendment requires a lessee to recognize substantially all leases (whether operating or finance leases) on the balance sheet as a right-of-use asset and an associated lease liability. Short-term leases of 12 months or less are excluded from this amendment. For leases defined as finance leases under the new standard, the lessee subsequently recognizes interest expense and amortization of the right-of-use asset, similar to accounting for capital leases under current guidance. For leases defined as operating leases under the new standard, the lessee subsequently recognizes straight-line lease expense over the life of the lease. The guidance is to be applied using a modified retrospective transition method with the option to elect a package of practical expedients. This new standard is effective for fiscal years beginning after December 15, 2021 and early adoption is permitted. The adoption of this ASU will result in an increase to the Company's balance sheet for lease liabilities and right-of-use assets, which has not yet been quantified. The Company is evaluating the impact of this ASU on its financial statements and related disclosures.

Note 2 - Receivables and Deferred Revenue

The beginning and ending balances for accounts receivable and deferred revenues are as follows for the years ended October 31, 2021, 2020, and 2019:

	<u>October 31, 2021</u>	<u>October 31, 2020</u>	<u>October 31, 2019</u>	<u>November 1, 2018</u>
Royalties Receivable	\$ 440,036	\$ 471,747	\$ 454,891	\$ 471,542
Trade Receivables	124,130	197,965	50,730	65,466
Deferred Revenues	1,109,893	216,750	292,000	238,500

Note 3 - Note Receivable

Note receivable consists of a loan to a franchisee of the Company. The note has an original length of six years, and the interest on the note is a fixed annual rate of 3.0%. The note is carried at its estimated recoverable amount. The notes receivable is presented net of an allowance for uncollectible accounts of \$-0- for the years ended October 31, 2021, 2020, and 2019.

Maturities of the note for years ending subsequent to October 31, 2021, are as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2022	\$ 12,558
2023	12,677
2024	4,005
	<u>\$ 29,240</u>

Note 4 - Goodwill and Other Intangible Assets

Goodwill as of October 31, 2021, 2020, and 2019, consists of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Accumulated Impairment</u>	<u>Net</u>
October 31, 2021	<u>\$ 11,828</u>	<u>\$ (5,169)</u>	<u>\$ (6,659)</u>	<u>\$ -</u>
October 31, 2020	<u>\$ 11,828</u>	<u>\$ (5,169)</u>	<u>\$ (6,659)</u>	<u>\$ -</u>
October 31, 2019	<u>\$ 11,828</u>	<u>\$ (5,169)</u>	<u>\$ (6,659)</u>	<u>\$ -</u>

The amortization expense period is 10 years. Amortization expense for each of the years ended October 31, 2021, 2020, and 2019 totaled \$-0-. In addition, the Company recorded goodwill impairment of \$-0-, \$-0- and \$5,409 during the years ended October 31, 2021, 2020, and 2019, respectively.

Other intangible assets as of October 31, 2021, 2020, and 2019, consist of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Franchise Fee	\$ -	\$ 15,000	\$ 15,000
Less Accumulated Amortization	-	(3,500)	(1,875)
Less Accumulated Impairment	-	(11,500)	-
	<u> </u>	<u> </u>	<u> </u>
Other Intangible Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,125</u>

The amortization expense period is 8 years. Amortization expense for the years ended October 31, 2021, 2020, and 2019 totaled \$-0-, \$1,625 and \$1,875, respectively. This Company recorded an intangible asset impairment of \$-0-, \$11,500 and \$-0- during the years ended October 31, 2021, 2020, and 2019, respectively.

Note 5 - Accrued Liabilities

Other accrued liabilities at October 31, 2021, 2020, and 2019 consist of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Unredeemed Gift Cards	\$ 267,447	\$ 260,134	\$ 263,234
Contract Rebates Due to Franchisees	101,474	92,547	89,951
Other	23,378	18,951	5,347
	<u> </u>	<u> </u>	<u> </u>
Other Accrued Liabilities	<u>\$ 392,299</u>	<u>\$ 371,632</u>	<u>\$ 358,532</u>

Note 6 - Line of Credit and Long-Term Debt

The Company has a \$50,000 line of credit, expiring in June 2022, with a variable interest rate at 1.5% above the bank index rate and is unsecured with personal guarantees of two stockholders. There were no balances outstanding on the line of credit as of October 31, 2021, 2020 and 2019.

During the year ended October 31, 2020, as a result of the enacted Coronavirus Aid, Relief and Economic Security Act (the CARES Act), the Small Business Administration (SBA) made debt payments, interest and principal, on the Company's covered loan. The total of these monthly payments was \$18,000 and \$329,970 for the years ended October 31, 2021 and 2020, respectively. The Company has recorded these payments as a Subsidy relief received income on the statements of operations for the years ended October 31, 2021 and 2020.

Long-term debt consists of:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Variable rate note payable to bank, (5.25% at October 31, 2021), due in monthly installments of \$59,686, including interest, through April 2029, net of unamortized debt issuance costs of \$188,576 in 2021, \$213,860 in 2020, and \$239,144 in 2019, resulting in an effective interest rate of 5.84% at October 31, 2021, secured by substantially all Company assets, certain personal assets of two stockholders, and guaranteed by Small Business Administration	\$ 3,847,308	\$ 4,249,988	\$ 4,617,409
5.0% note payable to stockholder, due in monthly installments of interest only through September 2027, principal due September 30, 2027, unsecured	768,137	768,137	768,137
Variable rate note payable to bank, (5.25% at October 31, 2021), due in monthly installments of \$3,462, including interest, through April 2029, secured by substantially all Company assets, certain personal assets of two stockholders, and guaranteed by Small Business Administration	234,107	258,932	281,680
3.75% note payable to bank, due in monthly installments of \$731, including interest, payments to begin May 2022, due May 2050, secured by substantially all Company assets	150,000	150,000	-
1.0% Paycheck Protection Program Loan forgiven in full in December 2020	-	414,100	-
	<u>4,999,552</u>	<u>5,841,157</u>	<u>5,667,226</u>
Less current maturities	<u>(477,153)</u>	<u>(867,921)</u>	<u>(412,614)</u>
	<u>\$ 4,522,399</u>	<u>\$ 4,973,236</u>	<u>\$ 5,254,612</u>

The notes payable to the bank contain various covenants, all of which management believes have been met.

Future maturities of the long-term debt are as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2022	\$ 477,153
2023	505,654
2024	532,359
2025	561,406
2026	591,553
Thereafter	2,520,003
Unamortized deferred financing costs	<u>(188,576)</u>
	<u>\$ 4,999,552</u>

Note 7 - Franchising

The Company provides franchisees support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques, and opening assistance. Franchisees bear all direct costs involved in the development, construction, and operation of their bread stores. The current standard franchise agreement provides for payment to the Company of a total franchise fee of \$3,000 to \$38,000 per bread store, depending on the type of franchise bread store (i.e., first bread store, satellite bread store, legacy franchise, development right, or existing franchise transfer).

The current standard franchise agreement, signed November 1, 2017 or later, provides for payment to the Company a total franchise fee of \$35,000 for the first bread store. The initial fee for a second or subsequent bread store is \$15,000 each. A military discount of 15% is offered for honorably discharged veterans of the United States Armed Forces who control at least 50% of the bread store. Fees are due at the time the franchise agreement is signed. In addition to the franchise agreement, the franchisee may sign a Development Rights Rider, under which, the franchisee commits to develop two or more Great Harvest bread stores in an identified area. The development fee due upon signing the first Franchise Agreement and Development Rights Rider equals the full initial franchise fee for the first bread store, plus the development right fee (\$5,000 – \$10,000) of each additional bread store agreed to construct, develop, and operate under the development schedule.

For franchise agreements signed prior to November 1, 2017, the first franchise bread store, the prospective franchisee must deposit \$24,000 with the Company to enter into the franchise agreement. When the franchise is approved and ready to open for business, the franchisee must remit the final \$14,000 payment within one week prior to opening for business. The standard fee paid to the Company for the transfer of a franchise bread store ownership for an existing bread store is \$19,000 (\$25,000 for franchise agreements signed after January 1, 2015), but can vary based on circumstances. The Company's standard fee to open an additional bread store when they are the owner of an existing franchise bread store is \$8,000. This fee is non-refundable after a two-year "search" period. Initial franchise fees income is identified separately in the statements of operations.

Information about the number of franchised bread stores is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Franchise Activity for the Year Ended October 31			
Franchises opened	7	6	7
Franchises discontinued	10	7	15
Franchises in Operation as of October 31	178	181	182

Note 8 - Employee Benefit Plans

Defined Contribution Plan

The Company sponsors a 401(k) plan (the "Plan") for substantially all employees. Participants in the Plan may elect to contribute up to 100% of their compensation to the Plan, subject to certain limitations. The Company, at its discretion, may match 100% of each employee's elective deferrals to the Plan, up to 2% of such employee's eligible compensation. Total Company contributions during 2021, 2020, and 2019 were \$36,438, \$39,898 and \$31,374, respectively.

Employee Stock Ownership Plan

The Company adopted and implemented an Employee Stock Ownership Plan (ESOP), effective October 31, 2015. Employees of the Company are eligible to participate in the ESOP as of the first day of each plan quarter coincident with or following the date of attaining age 21 and completion of one (1) year of service. The employer contributions to the ESOP are determined and at the sole discretion of the Company. Employer contributions to the ESOP are allocated among participants on the basis of their annual eligible compensation as defined by the Internal Revenue Code. Participants are fully (100%) vested immediately in the employer contributions. ESOP contribution expense for each of the years ended October 31, 2021, 2020, and 2019, totaled \$-0-. The ESOP owns 325 shares of the Company issued shares for each of the year ended October 31, 2021, 2020, and 2019.

In the event an ESOP participant's employment is terminated, the ESOP is required to purchase the shares from the participant at current fair value. The fair value of the shares held in the ESOP as of October 31, 2021 was \$215,725. The fair value is based the most recent share valuation of the ESOP shares, of \$664.53 per share, which was completed as of December 31, 2020. There are no allocated shares, committed to be released shares, or suspense shares held by the ESOP as of October 31, 2021, 2020, and 2019.

Bonus Plan

The Company also sponsors a bonus plan whereby eligible employees can earn additional cash compensation if certain pre-determined operating objectives are met. No bonus awards were given during the years ended October 31, 2021, 2020, and 2019.

Note 9 - Related Party Transactions

During the year ended October 31, 2017, the Company purchased 932 shares of common stock for treasury from its current majority stockholder for \$903,919. As of October 31, 2021, 2020, and 2019, the Company has an outstanding note payable with the majority stockholder for \$768,137, associated with the common stock redemption that occurred during the year ended October 31, 2017. During each of the years ended October 31, 2021, 2020, and 2019, the Company had interest expense of \$38,940 related to the note payable. There is no accrued interest included in the balance sheets as of October 31, 2021, 2020, and 2019, respectively, related to the note payable.

During November and December 2020, the Company purchased a total number of 61.87 shares of common stock from a shareholder. The purchase price of these shares was \$60,000.

The Company has a consulting service agreement with the Company's former shareholder. During the years ended October 31, 2021, 2020, and 2019, the Company paid \$66,000, \$88,000, and \$8,000, respectively, under this arrangement.

Note 10 - Stockholders' Agreement

The stockholders of the Company entered into an agreement which (i) places restrictions on the transfer of the Company's stock; (ii) gives the Company a first right of refusal on third party offers to purchase a selling stockholder's stock; (iii) provides for a determination of a purchase price and payment method for involuntary transfers of stock; and (iv) provides for certain control provisions, among other things.

During the year ended October 31, 2016, the Company signed a redemption agreement for the purchase of treasury shares from its majority stockholder and Chairman of the Board of Directors, which was executed January 4, 2016. Included in this redemption agreement is a clause that the Company is obligated to pay the former stockholder 5% of the excess of the net sales proceeds from any future sale of Company shares in excess of a \$16,000,000 valuation or a pro-rata share thereof in the event of a partial sale of stock. This obligation extends to any sale of shares owned by stockholders of the Company even if the stockholders, rather than the Company, receive all the proceeds from the sale. The Company will recognize the expense associated with this excess of net sales proceeds transaction if and when incurred.

Note 11 - Commitments and Contingencies**Leases**

Occasionally, the Company is a guarantor of franchisee's lease agreements.

During November 2019, the Company provided financial assistance to a franchisee by paying one-third of the security deposit needed for the franchisee's lease agreement. The Company has recorded this security deposit payment as an "Other Asset" on the balance sheet. The Company will receive this security deposit back, without interest, after the termination of the lease, provided that the franchisee has complied with the payment and other terms of the lease agreement. In the event the franchisee is in default of the lease agreement, the landlord may apply the security deposit to the amount owed. During the years ended October 31, 2021 and 2020, there were no reported default activities.

During the year ended October 31, 2016, the Company assumed lease obligations for retail space and equipment used in the Company owned and operated bakery locations. The leases expire at various dates through April 2019. The Company has no future lease obligations.

Effective September 30, 2013, the Company guaranteed a lease agreement for a franchisee. The underlying lease agreement expired September 30, 2019.

Lease expense for the years ended October 31, 2021, 2020, and 2019, was \$54,031, \$48,944, and \$25,963, respectively.

Franchisee Gift Cards

The Company's franchisees sell gift cards through a non-pooled, closed-loop gift card program. Outstanding gift card balances for gift cards sold by franchisees are liabilities of each selling franchisee. Proceeds from gift cards sold by franchisees remain with the selling franchisee and, as gift cards are redeemed, funds flow directly from the selling franchisee to the redeeming franchisee. Franchisees are required to maintain adequate balances in their bank accounts to cover any gift card redemptions of cards they sell that are redeemed at other franchisees' locations. In the event there are insufficient funds in selling franchisees' bank accounts to cover redemptions at other franchisee locations, the Company funds such shortfalls.

At October 31, 2021, 2020, and 2019, outstanding gift card balances of gift cards issued by the Company's franchisees totaled \$3,642,712, \$3,248,260, and \$3,029,870, respectively. Included in these amounts are \$510,931, \$388,369, and \$299,259 at October 31, 2021, 2020, and 2019, respectively, in outstanding gift cards issued by former franchisees of the Company that are no longer in business. During each of the years ended October 31, 2021, 2020, and 2019, the amount of gift card redemptions for gift cards issued by franchisees, but funded by the Company, was insignificant. The Company has not accrued any of its franchisees' outstanding gift card liabilities as of October 31, 2021, 2020, and 2019.

Other

The Company is from time to time subject to routine litigation incidental to its franchising business. These lawsuits primarily involve claims arising from disputes over the terms of the franchise agreements signed by the Company and its franchisees and former franchisees. Management of the Company does not believe the final outcome of these matters will cause a material adverse effect on the Company's financial position, results of operations or liquidity.

Note 12 - Adoption of Accounting Standards Codification Topic 606

As of November 1, 2020, the Company adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers (Topic 606)*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services over the period of time during which it is transferring said goods and services. The Company has adopted Topic 606 using the modified retrospective approach and recorded the cumulative effect of adoption as an adjustment to retained earnings. The cumulative effect was approximately \$1,005,000, which was related to the recognition of contract liabilities for the deferred revenue of franchise fees and development rights rider fees. The comparative information has not been adjusted for the adoption of this standard.

The following table provides the impact of adopting ASC Topic 606 on the Company's financial statements as of October 31, 2021:

Balance Sheet:

	<u>As Reported</u>	<u>Balances without ASC 606 Adoption</u>	<u>Change due to Adoption</u>
Deferred Franchise Fees and			
Territory Deposits	\$ 1,109,893	\$ 137,000	\$ 972,893
Total current liabilities	2,219,102	1,246,209	972,893
Total liabilities	6,741,501	5,768,608	972,893
Retained earnings	355,653	1,360,498	1,004,845
Total stockholders' deficit	(5,254,040)	(4,249,195)	1,004,845
Total liabilities and stockholders' deficit	1,487,461	2,492,306	1,004,845

Statement of Operations:

	<u>As Reported</u>	<u>Balances without ASC 606 Adoption</u>	<u>Change due to Adoption</u>
Franchise Fees	\$ 378,327	\$ 346,375	\$ 31,952
Total Revenues	5,148,944	5,116,992	31,952
Operating Income	838,141	806,189	31,952
Net Income	961,458	929,506	31,952

Statement of Cash Flows:

	<u>As Reported</u>	<u>Balances without ASC 606 Adoption</u>	<u>Change due to Adoption</u>
Operating Activities			
Net income	\$ 961,458	\$ 929,506	\$ 31,952
Changes in assets and liabilities:			
Deferred franchise fees and territory deposits	893,143	(79,750)	972,893
Net cash from operating activities	1,616,410	611,565	1,004,845
Net change in cash and cash equivalents	652,975	(351,870)	1,004,845
Impact to beginning of year for change in accounting principle	(1,004,845)	-	(1,004,845)

Note 13 - Subsequent Events

On December 10, 2021, the Company retired 74.82 shares with a value of \$49,721.

On December 29, 2021, the Company acquired substantially all of the assets and assumed certain liabilities of a bakery located in Virginia for a purchase price of \$300,000. As of October 31, 2021, the Company had paid \$20,000 of earnest money, which was included in construction in progress on the balance sheet. The Company obtained a loan from a shareholder for this purchase.

The Company has evaluated subsequent events through January 31, 2022, the date which the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS

Great Harvest Franchising, Inc.
 Balance Sheet
 January 31, 2022

ASSETS

Current assets:

Cash, cash equivalents	\$	772,793
Royalties Receivable, net of reserve of \$0		338,982
Trade Receivable, net of reserve of \$38,707		161,024
Inventory		21,570
Current portion of notes receivable		12,558
Prepaid expenses & other current assets		130,337
Total current assets		<u>1,437,264</u>

Property and equipment:

Land		32,657
Buildings and improvements		1,314,954
Fixtures and equipment		608,458
		<u>1,956,069</u>
Less accumulated depreciation		<u>(1,548,405)</u>
Net property and equipment		<u>407,664</u>

Other assets:

Notes receivable, net current maturities		16,682
Other Assets Company Owned Store		134,601
		<u>151,283</u>

Total assets	\$	<u><u>1,996,211</u></u>
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Great Harvest Franchising, Inc.
 Balance Sheet
 January 31, 2022

LIABILITIES AND STOCKHOLDERS' EQUITY (Deficit)

Current liabilities:

Accounts payable	\$	67,762
Accrued compensation and benefits		114,510
Current portion of long-term debt		483,463
Deferred franchisee fees and territory holds		1,029,652
Other accrued liabilities		498,843
Total current liabilities		<u>2,194,230</u>

Long-term Debt, Less Current Maturities and
 Unamortized Debt Issuance Costs of \$182,255

4,755,914

Total liabilities

6,950,144

Stockholders' Equity (deficit)

Common stock, no par value; 50,000 authorized shared, issued and outstanding shares of 11,262		962,949
Retained earnings		355,654
Treasury Stock of 5,572		(6,622,362)
Dividends to shareholders		(22,900)
Net Income		372,726
Total stockholders' equity (deficit)		<u>(4,953,933)</u>

Total liabilities and stockholders' equity

\$ 1,996,211

Great Harvest Franchising, Inc.
Statement of Operations
For the three months ended January 31, 2022

Revenues	
Franchise royalties	\$ 1,369,272
Franchise fees	101,741
Company owned bakery Sales	<u>26,250</u>
Total revenues	1,497,263
Operating Expenses	
Franchise	978,431
Company owned bakeries	<u>79,229</u>
Total operating expenses	1,057,660
Operating Income	<u>439,603</u>
Other Income (Expense)	
Interest income	44
Interest expense	(67,221)
Other income	<u>300</u>
Total other income (expense)	<u>(66,877)</u>
Net Income	<u><u>\$ 372,726</u></u>

EXHIBIT D
LIST OF FRANCHISEES

Great Harvest Bakeries List as of December 31st, 2021

ALABAMA

Sudhakar Madanagopal & Sangeetha Bathala
933 Bob Wallace Ave.
Suite #215
Huntsville, AL 35801 *
Bakery: (256-945-7697

David & Jennifer Snyder
218 Main Street Suit 110
Trussville, AL 35173 *
Bakery: (205) 508-5854

ALASKA

Jenia & David Jarrett
Metro Mall, 570 E. Benson
Anchorage, AK 99503 *
Bakery: (907) 274-3331

Eric & Tricia Cray
36 College Road, Suite #4
Fairbanks, AK 99701 *
Bakery: (907) 374-3900

ARIZONA

Ward & Leslie Walston
1730 E. Warner Rd
Suite #1
Tempe, AZ 85284
Bakery: (480) 777-1141

CALIFORNIA

Julie Kampfen & Jamie Hughes
1223 Mangrove Ave.
Chico, CA 95926
Bakery: (530) 899-7273

SATELLITE:

1141 Forest Ave.
Suite #60
Chico, CA 95928
Bakery: (530) 345-7155

SATELLITE:

2760 Esplanade
Suite #160
Chico, CA 95973
Bakery: (530) 566-9605

Fawna & Gus Burgoyne
930 Hilltop Drive
Suite D
Redding, CA 96003
Bakery: (530) 222-8083

Darin & Kari Carlson
31795 Rancho California
Temecula, CA 92591
Bakery: (951) 676-0550

COLORADO

Aimee Charlton and King & Michaela Nelson
7745 Wadsworth Blvd.
Arvada, CO 80003
Bakery: (303) 420-0500

Stephen Turk
2525 Arapahoe, Suite A4
Boulder, CO 80302
Bakery: (303) 442-3062

Julie Damschroder
Scotch Pines Village
2601 S. Lemay, Suite #1
Ft. Collins, CO 80525
Bakery: (970) 223-8311

SATELLITE:

3600 S. College Ave.
Ft. Collins, CO 80525
Bakery: (970) 225-0353

Walt & Ellie Legits
The Grand Mesa Center
2464 U.S. Hwy 6 & 50, #130
Grand Junction, CO 81505
Bakery: (970) 241-0788

Steve & Sarah Kellogg
5910 S. Univ. Blvd. #A-12
Greenwood Village, CO 80121 *
Bakery: (303) 347-8767

David & Rachel Hogue
11068 West Jewell Ave.
Unit #C-7
Lakewood, CO 80232
Bakery: (303) 716-0905

CONNECTICUT

Jean & Dale Roberts
425 Talcottville Road.
Vernon, CT 06066
Bakery: (860) 647-8837

FLORIDA

Erald Qama
11526 Lake Mead Ave. #101
Jacksonville, FL 32256
Bakery: (904) 551-2263

GEORGIA

Sunil & Deepali Patel
4915 Windward Pkwy
Suite 120
Alpharetta, GA 30004 *
Bakery: (678) 209-2229

Sunil & Deepali Patel
10305 Medlock Bridge
Suite A-4
Johns Creek, GA 30097 *
Bakery: (770) 622-0222

Kim Kiser
Robert & Traci Browne
150 Athens Hwy, Ste. 700
Loganville, GA 30052 *
Bakery: (678) 580-0734

Debra Dowdle
3894 Due West Rd.
Marietta, GA 30064
Bakery: (770) 421-9998

HAWAII

Patrick Brady
4400 Kalaniana'ole, #7
Honolulu, HI 96821
Bakery: (808) 735-8810

IDAHO

Zane & Heather Colby
5608 Fairview Ave.
Boise, ID 83706 *
Bakery: (208) 377-5587

Tyler & Mandy Fortunati
12570 W. Fairview Ave.
Boise, ID 83706 *
Bakery: (208) 322-2378

Tyler & Mandy Fortunati
4363 West Gray Fox
Eagle, ID 83616 *
Bakery: (208) 844-4411

Tiffani & John VanOrman
360 A Street
Idaho Falls, ID 83402
Bakery: (208) 522-7444

SATELLITE:

1505 E. 17th St.
Idaho Falls, ID 83404
Bakery: (208) 542-0812

Josh & Abbey Despain
727 Blue Lake Blvd
Twin Falls, ID 83301
Bakery: (208) 329-6253

ILLINOIS

Ben Smith
1704 Eastland Dr.
Bloomington, IL 61704
Bakery: (309) 662-8500

Larry & Peggy Boik
5117 Main Street
Downers Grove, IL 60515 *
Bakery: (630) 541-9435

Dave & Liz Schaps
2126 Central St.
Evanston, IL 60201
Bakery: (847) 866-8609

Craig Janssen
664 West Jackson
Morton, IL 61550 *
Bakery: (309) 263-0300

Larry & Peggy Boik
192 W. Gartner
Naperville, IL 60540
Bakery: (630) 369-5115

Craig Janssen
9010 N. Allen Rd.
Prairie Pointe Center
Suite G
Peoria, IL 61615 *
Bakery: (309) 589-0900

Barbara Kaiser & Andy Kaiser
1668 N Alpine Rd.
Rockford, IL 61107
Bakery: (815) 395-6460

INDIANA

Katy Riney
423 Metro Avenue
Evansville, IN 47715
Bakery: (812) 476-4999

Mark McSweeney
5060 E 62nd Street #124
Indianapolis, IN 46220
Bakery: (317) 251-2222

Jerry & Janet Lecy
1500 Kossuth Street
Lafayette, IN 47905
Bakery: (765) 742-7323

IOWA

Kim & Janet Sharp
502 Burnett Ave.
Ames, IA 50010 *
Bakery: (515) 598-2624

Dion & Laurel Williams
5070 Lindale Road NE
Cedar Rapids IA 52402
Bakery: (319) 826-6257

KANSAS

Sarah Burch & Martha Peterson
807 Vermont
Lawrence, KS 66044 *
Bakery: (785) 749-2227

Brian & Sarah Berlin
4002 W 83rd Street
Prairie Village, KS 66208
Bakery: (913) 381-8877

Lesli Wong-Toucassi & Jamil Toubassi
535 N. Woodlawn
Wichita, KS 67206 *
Bakery: (316) 685-6455

KENTUCKY

Greg Garrard
3211 Frederica St.
Owensboro, KY 42301 *
Bakery: (270) 691-0093

Greg Garrard
4431 Springhill Road
Owensboro, KY 42303 *
Bakery: (270)240-5554

LOUISIANA

Brian Melancon
854A Kaliste Saloom Rd.
Lafayette, LA 70508
Bakery: (337) 236-8966

Great Harvest Bakeries List as of December 31st, 2021

Michael & Shelly Migues
4112 Lake Street, Ste. 100
Lake Charles, LA 70605 *
Bakery: (337) 477-3033

MARYLAND

Frank Dembia
208 Ridgely Ave.
Annapolis, MD 21401
Bakery: (410) 268-4662

Judy Hanson
8835 Centre Park Drive
Suite #104
Columbia, MD 21045
Bakery: (443) 542-5912

Heather & Dan Gottfredson
Federal Plaza, Suite N
12268 Rockville Pike
Rockville, MD 20852
Bakery: (301) 770-8544

MASSACHUSETTS

Nicole Caron
233 Massachusetts Ave.
Lexington, MA 02420
Bakery: (781) 861-9990

Jim & Cheryl Celluci
316 Walnut St.
Newtonville, MA 02460
Bakery: (617) 928-1162

MICHIGAN

Ryan & Camie Messick
2220 S. Main St.
Ann Arbor, MI 48103
Bakery: (734) 996-8890

Kyungmi Jung
1137 S. Adams
Birmingham, MI 48009
Bakery: (248) 594-0505

Amy McCauley & Mac Hawes
416 W. Main
Brighton, MI 48116
Bakery: (810) 225-1400

Jim Payne
3376 E. West Maple Road
Commerce Township, MI 48390
Bakery: (248) 926-9848

Troy Stobaugh
2500 East Main Street Suite B
Corunna, MI 48817 *
Bakery: (989) 472-1650

Bob & Scott Sassack
252 Perry Rd., Suite C
Grand Blanc, MI 48439
Bakery: (810) 953-1197

David & Kristen Wisen
120 Washington Street
Grand Haven, MI 49417
Bakery: (616) 847-6700

Wallace Hopp
1015 S. Baldwin Road
Lake Orion, MI 48360 *
Bakery: (248) 391-5144

Roseann Albert & Nicole
Albert
6137 W. Saginaw
Lansing, MI 48917
Bakery: (517) 327-1088

David & Julie Cole
139 E. Main St.
Northville, MI 48167 *
Bakery: (248) 344-4404

Ken & Sue Ulrich
1919 W. Grand River
Okemos, MI 48864
Bakery: (517) 347-0022

Austin & Miranda Schafer
48923 Hayes
Shelby Township, MI 48315
Bakery: (586) 566-9500

MINNESOTA

Mike Kadow
1100 E. Cty. Rd. 42
Suite 102
Burnsville, MN 55337
Bakery: (952) 891-4767

Ian Kidd & Lee Davidson
3 South 13th Ave. E.
Duluth, MN 55802
Bakery: (218) 728-9510

Daramoon Seng
13714 Grove Drive
Maple Grove, MN 55311
Bakery: (763) 416-1911

Steve & Gail Arnold
4314 Upton Avenue S.
Minneapolis, MN 55410
Bakery: (612) 929-2899

Kyle Bolduna & Thida Ny
17416 Minnetonka Blvd.
Minnetonka, MN 55345
Bakery: (952) 476-2515

Dan Sweeney
706 N. Broadway
Rochester, MN 55906
Bakery: (507) 286-1101

Dan Sweeney
2483 Commerce Drive
Rochester, MN 55901 *
Bakery: (507) 258-5300

Bonnie Johnson Alton
534 Selby Ave.
St. Paul, MN 55102
Bakery: (651) 221-1057

Bob & Natasha Fleischman
2510 Curve Blvd.
Stillwater, MN 55082
Bakery: (651) 351-0311

DeNae & Mike Hiltner
135 W Division St.
Waite Park, MN 56387
Bakery: (320) 259-4622

MISSOURI

Paul Barkoske & Edwards
McCarthy
125 W. Argonne Drive
Kirkwood, MO 63122
Bakery: (314) 821-1848

Steve & Alecia Jawor
7360 Manchester Road
Maplewood, MO 63143
Bakery: (314) 991-0049

MONTANA

Bryan & Susie Layton
907 Poly Drive
Billings, MT 59102 *
Bakery: (406) 248-8889

Heather & Lorenzo Snyder
3133 Central Ave., Ste. #5
Billings, MT 59102 *
Bakery: (406) 702-1505

Paula Plattner & Jennifer
Giem
1803 Harrison Ave.
Butte, MT 59701 *
Bakery: (406) 723-4988

Ryan & Laura Connell
515 First Ave. N.
Great Falls, MT 59403
Bakery: (406) 452-6941

Ray & Juliann Clum
1133 Helena Ave.
Helena, MT 59601
Bakery: (406) 443-5623

Charlie Scheel
1407 S. Higgins
Missoula, MT 59801
Bakery: (406) 728-4549

NEBRASKA

Marian & Dennis Cihacek
Rockbrook Village
10916 Elm St.
Omaha, NE 68144
Bakery: (402) 390-9988

SATELLITE:
4910 Underwood Ave.
Omaha, NE 68132
Bakery: (402) 551-8800

NEVADA

Jason & Kim Jacobs
2520 W. Horizon Ridge
Suite #160
Henderson, NV 89052
Bakery: (702) 459-3663

Jason & Kim Jacobs
611 Marks Street, Pad D
Henderson, NV 89014
Bakery: (702) 454-1262

Charles Eubanks & Teresa
Tibbs
6475 North Decatur Blvd.
Las Vegas, NV 89131
Bakery: (702) 982-2465

Moussa & Soohia Chami
10180 W. Tropicana Ave.
#131
Las Vegas, NV 89147 *
Bakery: (725) 777-3515

NEW JERSEY

Michele Ellis
95 Broad Street
Red Bank, NY 07701 *
Bakery: (732) 704-3333

NEW MEXICO

Jim Guthrie & Liz Pierce
Suite #4, El Dorado Square
11200 Montgomery NE
Albuquerque, NM 87111
Bakery: (505) 293-8277

NEW YORK

Nimesh & Natasha Patel
8285 Jericho Turnpike
Woodbury, NY 11797 *
Bakery: (516) 224-4900

NORTH CAROLINA

Jin Kim
1220 NW Maynard Rd.
Cary, NC 27513
Bakery: (919) 460-8158

Jeff & Cathy Bailey
Village Plaza-229 S. Elliott Rd
Chapel Hill, NC 27514
Bakery: (919) 932-1112

Nouri Motameni
King's Court Shopping Ctr.
901 S. Kings Drive
Charlotte, NC 28204
Bakery: (704) 333-0431

Nouri Motameni
The Shops at Piper Glen
6420 Rea Road, Ste. B6
Charlotte, NC 28277
Bakery: (704) 543-5550

Nouri Motameni
1824 East Arbors Drive #390
Charlotte, NC 28262
Bakery: (704) 971-7280

Nouri Motameni
19901 South Main Street
Cornelius, NC 28031
Bakery: (980) 689-5444

Great Harvest Bakeries List as of December 31st, 2021

Bryan & Michele Jones
1721 East Ash Street
Goldsboro, NC 27408 *
Bakery: (919) 288-2401

Gregg & Kim Green
2803 South Evans Street
Greenville, NC 27858 *
Bakery: (252) 689-6012

Nouri Motameni
110 Matthews Station Street
Suite 1D
Matthews, NC 28105
Bakery: (980) 262-3090

Eric & Janette Campbell
8801-119 Lead Mine Rd
Raleigh, NC 27615
Bakery: (919) 845-8122

NORTH DAKOTA

Susan Bates
1523 University Drive S.
Fargo, ND 58103
Bakery: (701) 293-9382

OHIO

Budi Januar & Fan Ny
5311 West Pointe Plaza
Columbus, OH 43228 *
Bakery: (614) 319-4099

Fred, Tony & Kris Lariccia
9440 Mentor Ave.
Mentor, OH 44060
Bakery: (440) 205-8199

Carl & Nancy May
4058 Fishcreek
Stow, OH 44224
Bakery: (330) 688-8894

Mike & Shawn Borden
4723 Reed Rd
Upper Arlington, OH 43220
Bakery: (614) 457-9800

Jim & Debbie Horstman
445 S. State St.
Westerville, OH 43081
Bakery: (614) 899-6100

OKLAHOMA

Brian & Lacey Loveless
5203 S. Sheridan
Tulsa, OK 74145 *
Bakery: (918) 878-7878

OREGON

Jeremy & Kristi Testerman
835 N.W. Bond St.
Bend, OR 97701
Bakery: (541) 389-2888

Michael Muth & Emily Krieg
8926 SE Sunnyside Rd
Clackamas, OR 97015
Bakery: (503) 659-5392

Gordo & Jess Wood
2564 Willamette St.
Eugene, OR 97405
Bakery: (541) 345-5398

Emily Krieg & Michael Muth
2105 NW 185th
Hillsboro, OR 97124
Bakery: (503) 466-1112

Margo Flint & Kendal Williams
1135 S.W. Baker Street
McMinnville, OR 97128
Bakery: (503) 472-0747

Lisa & Dan Allen
203 Genessee St.
Medford, OR 97504
Bakery: (541) 245-3310

Jamey & Tony Taylor
810 S W 2nd
Portland, OR 97204
Bakery: (503) 224-1532

Ian & Lonna Hagen
339 Court Street N.E.
Salem, OR 97302
Bakery: (503) 363-4697

Ian & Lonna Hagen
3405 Commercial Dr. SE
Salem, OR 97302
Bakery: (503) 363-3215

Ian & Lonna Hagen
525 Taggart Dr., NW
West Salem, OR 97304
Bakery: (503) 363-7555

PENNSYLVANIA

John Myers
6401 Penn Ave, Suite 470B
Pittsburgh, PA 15206
Bakery: (412) 441-6000

RHODE ISLAND

David Apriletti
6670 Post Road
North Kingstown, RI 02852
Bakery: (401) 885-0580

SOUTH CAROLINA

Mike & Tracy Vanzura
1467-B Woodruff Rd.
Greenville, SC 29607
Bakery: (864) 286-6944

TENNESSEE

Wayne Howell
120 South Jefferson Ave.
Cookeville, TN 38501
Bakery: (931) 525-5623

Paul & Christy Beauvais
3900 Hillsboro Pike
Suite #32
Nashville, TN 37215
Bakery: (615) 298-1032

TEXAS

James Perry
3201 Bee Cave Rd.
Suite 126
Austin, TX 78746
Bakery: (512) 329-9216

Jon & Andrea Davis
1305 West Magnolia
Fort Worth, TX 76104 *
Bakery: (817) 708-7228

Jon & Bonnie McCabe
9409 Sage Meadow Trail,
Suite 101
Fort Worth, TX 76177 *
Bakery: (817) 488-9313

David Van Zee &
Robin Arocha
6363 Dallas Parkway,
Suite #211
Frisco, TX 75034 *
Bakery: (972) 987-5067

Dana, Diane & Heidi Roark
1623 South Fry Road
Katy, TX 77450
Bakery: (281) 578-3097

Dana, Diane & Heidi Roark
Food Truck
Katy, TX 77450
Bakery: (281) 578-3097

Jon & Bonnie McCabe
1241 E. State Hwy 114
Suite 160
Southlake, TX 76092 *
Bakery: (817) 488-9313

Laura Jones & Elizabeth
Jones
6621 South Broadway Ave.
Suite #100
Tyler, TX 75703 *
Bakery: (903) 630-3094

UTAH

Jeff Turpin
43 East 500 South
Bountiful, UT 84010
Bakery: (801) 296-2524

Eric & Allison Maxwell &
Andrea Hyer
126 North Main, #C3
Cedar City, UT 84720
Bakery: (435) 865-6848

Sean & Melanie Elm
2201 N 2000 W
Clinton, UT 84015
Bakery: (801) 773-5459

Jason & Natalie Pennock
217 E. 12300 S.
Suite J 5
Draper, UT 84020
Bakery: (801) 572-3373

Joe & Lisa Rich
96 North Main
Layton, UT 84041
Bakery: (801) 614-0304

Lisa & James Clawson
37 W. Center
Logan, UT 84321 *
Bakery: (435) 787-4442

Chris Zenger
2633 North East Market Place
Plaze
North Ogden, UT 84414
Bakery: (801) 689-3288

Melanie & Sean Elm,
1231 E. 4800 S.
Ogden, UT 84403 *
Bakery: (801) 476-4605

Chris Zenger
272 25th. St.
Ogden, UT 84401
Bakery: (801) 394-6800

Joe & Lisa Rich
6541 Landmark Drive
Park City, UT 84098
Bakery: (435) 655-7244

Joshua & Vivkie Christensen
1774 N University Pkwy. #48
Provo, UT 84604
Bakery: (801) 373-9816

Stephen Washburn
Peggy McVea
4667 South 2300 East
Salt Lake City, UT 84117 *
Bakery: (801) 277-3277

Jason & Natalie Pennock
3591 West 11400 South
South Jordan, UT 84095 *
Bakery: (801) 367-0221

Jeff & Sarah John
140 N. 400 W.
St. George, UT 84770
Bakery: (435) 674-2952

Jeff & Sarah John
922 East Brigham Road
St. George, UT 84790 *
Bakery: (435) 674-1952

JoEllen & Rand Kunz
5592 S. Redwood Rd.
Taylorsville, UT 84123
Bakery: (801) 966-9699

VERMONT

Christopher Brown & Joanne
Casale
382 Pine Street
Burlington, VT 05401
Bakery: (802) 660-2733

Great Harvest Bakeries List as of December 31st, 2021

VIRGINIA

Brad & Megan Hurst
1711 Centre Plaza
Alexandria, VA 22302
Bakery: (703) 671-8678

Ken Marter & Reiad Nazzal
44260 Ice Rink Plaza,
Suite #117
Ashburn, VA 20147
Bakery: (703) 574-2461

Jeanette Moler
6030-G Burke Commons Rd.
Burke, VA 22015 *
Bakery: (703) 249-0044

SATELLITE

9000-S Lorton Station Blvd.
Lorton, VA 22079 *
Bakery: (703) 372-2339

Michael & Aileen Magnotto
1701 Allied Lane
Charlottesville, VA 22903
Bakery: (434) 202-7813

Ken Marter & Reiad Nazzal
785 Station St.
Herndon, VA 20170
Bakery: (703) 471-4031

SATELLITE:

132 Church St. NW
Vienna, VA 22180
Bakery: (703) 938-0921

Great Harvest Franchising,
Inc.
13541 Midlothain Turnpike
Midlothain, VA 23113 *
Bakery: (804) 893-4393

Pablo Teodoro
108 Main Street
Warrenton, VA 20186
Bakery: (540) 878-5200

WASHINGTON

Wendy Scheel
Loehmann's Plaza
3610 C Factoria Blvd. SE
Bellevue, WA 98006
Bakery: (425) 643-8420

Scott & Renea Molyneaux
305 E. Magnolia
Bellingham, WA 98225
Bakery: (360) 671-0873

Mike & Karri Stoker
8378 W. Grandridge Blvd
Kennewick, WA 99336 *
Bakery: (509) 737-7437

Mike & Karri Stoker
6705 Chapel Hill Blvd.
Pasco, WA 99301 *
Bakery: (509) 491-1310

Teodora Kostadinova
Lake Forest Pk. Town Ctr,
#A121
17171 Bothell Way NE
Seattle, WA 98155
Bakery: (206) 365-4778

Trevor & Tori Plaisted
East 2530 29th
Spokane, WA 99223
Bakery: (509) 533-6645

WEST VIRGINIA

David & Marilyn Kelsing
60 Planation Way
Elkins, WV 26241 *
Bakery: (681) 298-4083

WISCONSIN

James & Ruth Metz
128 Front Street
Beaver Dam, WI 53916 *
Bakery: (920) 219-9160

Jon Rasmussen
603 Genesee Street
Delafield, WI 53018
Bakery: (262) 337-9023

Brent Felchlin
802 George St
De Pere, WI 54115
Bakery: (920) 336-9111

Jill & Leland Fletcher
4324 Southtowne Place
Eau Claire, WI 54701
Bakery: (715) 552-8000

Lance Van Der Ploeg
13404 Watertown Plank Rd.
Elm Grove, WI 53122
Bakery: (262) 821-0118

Jennifer Williamson
58 Copeland Ave
La Crosse, WI 54603
Bakery: (608) 519-5450

Kevin & Melissa Lisowe
116 W. Wisconsin Ave.
Neenah, WI 54956
Bakery: (920) 727-0135

Jon Rasmussen
127 E. Wisconsin Ave.
Oconomowoc, WI 53066 *
Bakery: (262) 337-9023

Jennifer Williamson
329 Broadway
Wisconsin Dells, WI 53965
Bakery: (608) 253-3113

WYOMING

Michel Skaf
Tony Skaf & Karine Amour
428 S. Durbin St. Ste. #101
Casper, WY 82601 *
Bakery: (307) 337-4286

INTERNATIONAL

Robert Jones
Chalan Kanoa, Beach Road
Saipan, MP 96950
Bakery: (670) 234-2733

As of December 31st, 2021
177 open bakeries (which
includes 1 company owed
location and 7 satellite
locations) in 44 states plus 1
International

*denotes New Concept
(whether a single-site location
or part of a Hub and Spoke
combination)

Our Office Address:
Great Harvest Franchising
28 South Montana St.
Dillon, MT 59725
Ph: 1-800-442-0424

Great Harvest Bakeries List as of December 31st, 2021

Signed Unopened and Development Riders

ALASKA

Link & Kelly Larson
Wasilla, AK *
klarson@greatharvest.com

COLORADO

Stephen Turk
Boulder, CO #2 *
Development Rider 1
sturk@greatharvest.com

Stephen Turk
Boulder, CO #3 *
Development Rider 2
sturk@greatharvest.com

GEORGIA

Sunil & Depali Patel
Dunwoody, GA *
sdpatel@greatharvest.com

IDAHO

Tyler & Mandy Fortunati
Nampa, ID *
mfortunati@greatharvest.com

ILLINOIS

Ben Smith
Bloomington, IL *
bsmith@greatharvest.com

IOWA

Kim & Janet Sharp
Ankeny, IA *
Development Rider 1
greatharvestamesia@outlook.com

Dion & Laurel Williams
Cedar Rapids, IA *
dwilliams@greatharvest.com

NEVADA

Jason & Kim Jacobs
Las Vegas, NV *
ijkjacobson@greatharvest.com

Moussa & Sophia Chami
Las Vegas, NV #2 *
Development Rider 1
mchami@greatharvest.com

NEW JERSEY

Michele Ellis
Red Bank, NJ #2 *
Development Rider 1
mellis@greatharvest.com

NEW YORK

Nimesh & Natasha Petal
Woodbury, NY #2 *
Development Rider 1
npatel@greatharvest.com

Nimesh & Natasha Petal
Woodbury, NY #3 *
Development Rider 2
npatel@greatharvest.com

OKLAHOMA

Brian & Lacey Loveless
Broken Arrow, OK *
blloveless@greatharvest.com

SOUTH CAROLINA

Christopher & Lyne Dodson
North Charleston, SC *
cdodson@greatharvest.com

Christopher & Lyne Dodson
North Charleston, SC #2 *
Development Rider 1
cdodson@greatharvest.com

Christopher & Lyne Dodson
North Charleston, SC #3 *
Development Rider 2
cdodson@greatharvest.com

TEXAS

Robin Arocha & David Van Zee
Frisco, TX #2 *
Development Rider 1
robin.arocha@greatharvest.com

Robin Arocha & David Van Zee
Frisco, TX #3 *
Development Rider 2
robin.arocha@greatharvest.com

Jon & Bonnie McCabe
Southlake, TX #3 *
Development Rider 2
jmccabe@greatharvest.com

Jon & Bonnie McCabe
Southlake, TX #4 *
Development Rider 3
jmccabe@greatharvest.com

Jon & Bonnie McCabe
Southlake, TX #5 *
Development Rider 4
jmccabe@greatharvest.com

Laura Jones & Elizabeth Jones
Tyler, TX #2 *
Development Rider 1
ljones@greatharvest.com

UTAH

Dustin & Jamie Shaw
American Fork, UT *
dshaw@greatharvest.com

Dustin & Jamie Shaw
American Fork, UT #2*
Development Rider 1
dshaw@greatharvest.com

WEST VIRGINIA

David & Marilyn Kesling
Bridgeport, WV
dkesling@greatharvest.com

David & Marilyn Kesling
Elkins, WV #3 *
Development Rider 2
dkesling@greatharvest.com

WISCONSIN

Jim & Ruth Metz
Beaver Dam, WI #2 *
Development Rider 1
rmetz@greatharvest.com

Jim & Ruth Metz
Beaver Dam, WI #3 *
Development Rider 2
rmetz@greatharvest.com

David Conell
Milwaukee, WI *
dconell@greatharvest.com

David Conell
Milwaukee, WI #2 *
Development Rider 1
dconell@greatharvest.com

David Conell
Milwaukee, WI #3 *
Development Rider 2
dconell@greatharvest.com

As of December 31st, 2021
32 unopened bakeries (21 are
Development Riders) in
system in 16 states

*Denotes HUB and SPOKE

Our Office Address:
Great Harvest Franchising
28 South Montana St.
Dillon, MT 59725
Ph: 1-800-442-0424

EXHIBIT E

***LIST OF FRANCHISEES WHO LEFT OUR SYSTEM
OR HAVE NOT COMMUNICATED WITH US***

Great Harvest Bakeries List as of December 31st, 2021

List of Franchisee who have left the system or have not communicated with us

COLORADO

Mark & Ainley Jewell
Colorado Springs, CO
719-205-9752

Jay & Heather Merrill
Longmont, CO
303-210-0962

FLORIDA

Brad & Rachel Cottle
Dean Cottl
Kelly Randall
Orlando, FL
407-616-4527

IDAHO

Jon & AJ Whiting *
Boise, ID – *Two Locations*
208-870-5804

Derek & Sophia Bates *
Twin Falls, ID
208-749-0560

INDIANA

Andrew & Sue James
Crown Point, IN
219-313-8922

MARYLAND

Thomas & Pam Storm *
Annapolis, MD
410-353-3395

MICHIGAN

Robert & Julia Messick *
Ann Arbor, MI
810-986-9184

Chad & Kristy Smith
Grand Rapids, MI
66-634-8388

MINNESOTA

Lee Davidson & Ian Kidd **
Duluth, MN
218-728-9510

MONTANA

Bryan & Susie Layton **
Billings, MT
406-248-8889

Dave Scheel & Linda Tawney *
Missoula, MT
406-240-2122

SOUTH DAKOTA

Rob & Marsha Hengen
Rapid City, SD
605-877-4163

TEXAS

Juan Maldonado & Gisela Hernandez *
Austin, TX
512-584-1015

Clenton & Nikki Sullivan
Kingwood, TX
832-623-5754

UTAH

Steve & Jane Owen *
Provo, UT
801-374-1614

Brett & Sherri Remund *
St. George, UT -- *Two Locations*
435-632-6552

VIRGINIA

Kim Buehler *
Midlothian, VA
804-433-5047

WISCONSIN

Jon Cerny *
Elm Grove, WI
262-720-3384

*Denotes franchisees who left the system due to the sale of their location

**Denotes franchisee who sold or closed one of their location but are still the owner of an open location

Our Office Address:
Great Harvest Franchising
28 South Montana St.
Dillon, MT 59725
Ph: 1-800-442-0424

EXHIBIT F

***TABLES OF CONTENTS FOR CONFIDENTIAL START-UP MATERIALS, TRACKING
GUIDE, AND OPENING GUIDELINES***



List of Confidential Start-Up Materials MyGH Links

Bakery: _____

- Introduction Letter
- The Tracking Guide
- Equipment Guide
- Location Hunting Guide
- Merchandising Manual
- Pricing manual/Chef Metrics
- Sandwich Resources/ Sandwich Marketing
- Videos:
 - Win the Game: MTO Line Busting
 - Creating a WOW Customer Service Experience
 - Art of the Slice – the Breadboard
 - Kneading and Cleaning
 - The Art of Bread Baking
 - Sponge & Dough/Bread Theory

List of recommended MyGH links for your research/education:

- Great Harvest University
 - My Modules and Courses
- HR Manual
 - Business Operations
- Empowerkit Website Sign-up Info
 - Marketing
- Constant Contact Sign-up Info
 - Marketing
- Design Wizard
 - Marketing

List of Confidential Materials Hardcopy

- Bread Quality Handbook {ID: _____}
- Financial Plan
- Opening Guidelines
Business Plan



GREAT HARVEST TRACKING GUIDE Version 6.0

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GREAT HARVEST TRACKING GUIDE Version 6.0

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EXHIBIT G

DEVELOPMENT RIGHTS RIDER TO FRANCHISE AGREEMENT

**DEVELOPMENT RIGHTS RIDER
TO GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT**

1. **Background.** This Development Rights Rider (the “Rider”) is made between Great Harvest Franchising, Inc. (“we,” “us,” or “our”) and _____ (“you” or “your”). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you are signing concurrently with signing this Rider (the “Franchise Agreement”) for the development and operation of your first Great Harvest® bakery cafe at a location to be specified within the Area (see Exhibit B). We and you are signing this Rider because you want the right to develop additional Great Harvest® bakery cafes (besides the Bakery Cafe covered by the Franchise Agreement) within the Area over a certain time period, and we are willing to grant you those development rights if you comply with this Rider.

2. **Grant of Development Rights.** Subject to your strict compliance with this Rider, we grant you the right to develop ____ () Great Harvest® bakery cafes (including the Bakery Cafe covered by the Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this Rider (the “Schedule”), within the following geographic area shown in Exhibit B to this Rider (the “Area”).

Great Harvest® bakery cafes that you (or your affiliates) are permitted to operate at Restricted Venues (defined below) physically located in the Area do not count toward your compliance with the Schedule.

If you (and, to the extent applicable, your Approved Affiliates (defined in Section 3 below)) are fully complying with all of your (and their) obligations under this Rider, the Franchise Agreement, and all other franchise agreements then in effect between us and you (and, to the extent applicable, your Approved Affiliates) for the development and operation of Great Harvest® bakery cafes, then during this Rider’s term only, we (and our affiliates) will not, except in the situations described below, establish and operate or grant to others the right to establish and operate Great Harvest® Stores having their physical locations within the Area.

The exceptions referenced above to your exclusive right to establish Great Harvest® bakery cafes having their physical locations within the Area are described in this paragraph. If:

(i) we become aware during this Rider’s term of one or more opportunities to establish and operate a Great Harvest® bakery cafe at a location within the Area for which that location’s owner or manager sets financial, experience, or organizational standards for an acceptable operator (for example, a national or multi-regional concessionaire) that you do not and cannot satisfy when the opportunity becomes available; or

(ii) the location is a Non-Traditional Venue (which is defined to mean a hospital or medical center, airport, public or private school, university or college campus, airport terminal, train or bus station, convention center, exhibition hall, amusement park, fairground, sports arena, military base, state or national park, hotel, lodge, country club, social club, resort, casino, theater, or similar venue) (the locations referenced in (i) and (ii) are referred to collectively as “Restricted Venues”),

then we (or our affiliates) may pursue the opportunity for that Restricted Venue and establish, or franchise or license another to establish, a Great Harvest® bakery cafe at that Restricted Venue. Our, our affiliate's, or another franchisee's or licensee's development and operation of a Great Harvest® bakery cafe at a Restricted Venue in the Area does not count toward your compliance with the Schedule. As noted above, Great Harvest® bakery cafes that you (or your affiliates) are permitted to operate at Restricted Venues physically located in the Area likewise do not count toward your compliance with the Schedule.

The location exclusivity described above (with the noted exceptions) is the only restriction on our (and our affiliates') activities within the Area during this Rider's term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Area, including, without limitation, those we reserve in the Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to (a) establish and operate, and grant to others the right to establish and operate, Great Harvest® Stores having their physical locations within the Area and (b) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within the Area.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER, AND YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations.** To maintain your rights under this Rider, you (and/or Approved Affiliates) must, by the dates specified in the Schedule, sign franchise agreements for and then construct, develop, and have open and operating within the Area the agreed-upon minimum number of Great Harvest® bakery cafes. If your owners establish a new legal entity to operate one or more of the Great Harvest® bakery cafes to be developed pursuant to this Rider and that new legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "**Approved Affiliate**" without further action. However, if the new legal entity's ownership is not completely identical to your ownership, you first must seek our approval for that new entity to develop and operate the proposed Bakery Cafe as an Approved Affiliate. We may refuse any such request if you and/or your owners do not own and control at least two-thirds of the new entity's ownership interests and retain management control of the Bakery Cafe proposed to be owned by the new entity.

You (and/or your Approved Affiliates) will operate each Great Harvest® bakery cafe under a separate franchise agreement with us. The franchise agreement (and related documents, including Guaranty Agreement) that you and your owners (or your Approved Affiliate and its owners) must sign for each Great Harvest® bakery cafe developed pursuant to this Rider will be our then-current form of franchise agreement (and related documents, including guaranty agreement), any or all terms of which may differ substantially and materially from any or all terms contained in the Franchise Agreement (and related documents), provided, however, that the monthly continuing fee and marketing and technology fee percentages specified under our then-current form of franchise agreement will be modified to be the same as those specified in the Franchise Agreement. Despite any contrary provision contained in the newly-signed franchise agreements, your (and your Approved Affiliates') additional Great Harvest® bakery

cafes within the Area must be open and operating by the dates specified in the Schedule (unless you are entitled to an extension of the opening date as provided in the Franchise Agreement or another franchise agreement). To retain your rights under this Rider, each Great Harvest® bakery cafe opened pursuant to this Rider must operate continuously throughout this Rider's term in full compliance with its franchise agreement.

4. **Subfranchising Rights.** This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to develop and operate Great Harvest® bakery cafes. Only you (and/or Approved Affiliates) may construct, develop, open, and operate Great Harvest® bakery cafes pursuant to this Rider. This Rider also does not give you (or your Approved Affiliates) any independent right to use the Great Harvest® trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you fully comply with its terms.

5. **Development Fees.** As consideration for the development rights we grant you in this Rider, you must pay us when you sign this Rider a total of _____ Dollars (\$_____) (the "**Development Fee**"), which equals (a) the Thirty-Five Thousand Dollar (\$35,000) initial franchise fee due under the Franchise Agreement, plus (b) total deposits equaling _____ Dollars (\$_____) for the additional Great Harvest® bakery cafes you agree to construct, develop, and operate. Our initial franchise fee for each Great Harvest® bakery cafe you develop under this Rider (after the first bakery cafe) is Fifteen Thousand Dollars (\$15,000). The deposits appearing above represent Seven Thousand Five Hundred Dollars (\$7,500) of the initial franchise fee due for each Great Harvest® bakery cafe to be developed after the Bakery Cafe covered by the Franchise Agreement. The Development Fee is consideration for the rights we grant you in this Rider and for reserving the Area for you to the exclusion of others while you are in compliance (except as provided in this Rider), is fully earned by us when we and you sign this Rider, and (except as provided in the Franchise Agreement) is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider for that reason.

While the Development Fee is not (except as provided in the Franchise Agreement) refundable under any circumstances, each time you (or your Approved Affiliate) sign a franchise agreement for another Great Harvest® bakery cafe to be developed within the Area, we will apply the deposit related to that Great Harvest® bakery cafe (which is part of the Development Fee) toward the initial franchise fee due for that Great Harvest® bakery cafe (leaving Seven Thousand Five Hundred Dollars (\$7,500) of the initial franchise fee due at time of signing).

6. **Grant of Franchises.** You must send us a separate application for each Great Harvest® bakery cafe that you (or your Approved Affiliate) wish to develop in the Area. You agree to give us all information and materials we request to assess each proposed Bakery Cafe site. It is your responsibility to locate, evaluate, and select the Bakery Cafe's site. We will not conduct site selection activities for you. In granting you the development rights under this Rider, we are relying on your knowledge of the real estate market in the Area and your ability to locate and access sites. We will give you our then-current criteria for Great Harvest® bakery cafe sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help you select and identify each Bakery Cafe's site. We will not unreasonably withhold our acceptance of a site if, in our experience and based on the factors

outlined above, the proposed site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites for Great Harvest® Stores in the past. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a Great Harvest® bakery cafe. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials. You may not proceed with a site that we have not accepted.

If we accept the proposed site but you (or your Approved Affiliate) have not yet signed a franchise agreement for that Great Harvest bakery cafe, you agree within the time period we specify (but no later than the date specified in the Schedule) to sign (or have your Approved Affiliate sign) a separate franchise agreement (and related documents) for that Bakery Cafe and to pay us the remaining portion of the initial franchise fee due. If you (or your Approved Affiliate) fail to do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site and exercise any of our other rights under this Rider. After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents, including guaranty agreement), its terms and conditions will control the construction, development, and operation of the Great Harvest® bakery cafe (except that the required opening date is governed exclusively by the Schedule in this Rider, as provided in Section 3 above, unless you are entitled to an extension of the opening date as provided in the Franchise Agreement or another franchise agreement).

In addition to our rights with respect to proposed Bakery Cafe sites, we may delay your development and/or opening of additional Great Harvest® bakery cafes within the Area for the time period we deem best if we believe in our sole judgment, when you submit your application for another Bakery Cafe, or after you (or your Approved Affiliate) have developed and constructed but not yet opened a particular Bakery Cafe, that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Great Harvest® bakery cafes in full compliance with our standards and specifications. We may delay additional development and/or a Bakery Cafe's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

7. **Term.** This Rider's term begins on the date we sign it and ends on the date when (a) you (or your Approved Affiliate) open for business the final Great Harvest® bakery cafe under the Schedule, or (b) this Rider otherwise is terminated, but in any event this Rider's term will end no later than <insert date>.

8. **Termination.** We may at any time terminate this Rider and your right under this Rider to develop Great Harvest® bakery cafes within the Area, such termination to be effective upon our delivery to you of written notice of termination:

(a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure; or

(b) if the Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a Great Harvest® bakery cafe, is terminated by us in compliance with its terms or by you (or your Approved Affiliate) for any (or no) reason; or

(c) if we have delivered a formal written notice of default to you (or your Approved Affiliate) under the Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a Great Harvest® bakery cafe, whether or not you (or your Approved Affiliate) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement.

No portion of the Development Fee is refundable upon termination of this Rider or under any other circumstances (except as provided in the Franchise Agreement).

If we terminate this Rider because you fail to satisfy your development obligations under the Schedule, we will keep the Development Fee (which is not refundable) but otherwise will not seek to recover damages from you due solely to your failure to comply with the Schedule.

Termination of this Rider under clause (a), (b), or (c) above is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. Termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements.

9. **Assignment.** Your development rights under this Rider are not assignable at all. This means we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, a transfer of a controlling ownership interest in you, a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights. An assignment of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights) to the extent permitted by the terms and conditions of the Franchise Agreement.

10. **Rider to Control.** Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, this Rider's terms will control.

[SIGNATURE PAGE FOLLOWS]

Dated this _____ day of _____, 20__.

GREAT HARVEST FRANCHISING, INC.	FRANCHISEE
By: _____	_____ [Name]
Title: _____	By: _____
Date: _____	Title: _____
	Date: _____

**EXHIBIT A: SCHEDULE
TO DEVELOPMENT RIGHTS RIDER**

You agree to develop and open ____ () Great Harvest® bakery cafes in the Area, including the Bakery Cafe that is the subject of the Franchise Agreement, according to the following Schedule:

Bakery Cafe Number	Franchise Agreement to Be Signed by Franchisee (or Approved Affiliate) By (Date)	Date by which Bakery Cafe Must be Opened (Opening Deadline)	Minimum Cumulative Number of new Franchised Great Harvest® Bakery Cafes to Be Open and Operating in Area No Later than the Opening Deadline
1	Concurrently with this Development Rights Rider		
2			
3			
4			
5			

GREAT HARVEST FRANCHISING, INC.	FRANCHISEE
By: _____	_____ [Name]
Title: _____	By: _____
Date: _____	Title: _____
	Date: _____

EXHIBIT B: AREA
TO DEVELOPMENT RIGHTS RIDER

The Area is identified on the attached map.

GREAT HARVEST FRANCHISING, INC.	FRANCHISEE
By: _____	_____ [Name]
Title: _____	By: _____
Date: _____	Title: _____
	Date: _____

EXHIBIT H

STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS

**ADDENDUM TO THE
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF
GREAT HARVEST FRANCHISING, INC.**

CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. Neither the franchisor nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or 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.
3. OUR WEBSITE, www.greatharvest.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.
4. The following language is added to the “Special Risks to Consider About *This Franchise*” page:

Spousal Liability. While your spouse need not sign a personal guarantee unless he or she is an owner of the legal entity that is the franchisee, the fact that California is a community-property state means that both your and your spouse’s marital and personal assets, including your house, could be lost if your franchise fails.

5. The following language is added as the last paragraph of Items 5 and 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

6. The following language is added to the “Remarks” column of the line-item titled “Interest” in Item 6 of the Franchise Disclosure Document:

The highest interest rate allowed under California law is 10% annually.

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

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

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision might not be enforceable under California law.

Liquidated Damages for Violation of Non-Competition Provision. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Montana with certain exceptions. This provision might not be enforceable under California law.

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

Material Modification. Section 31125 of the Franchise Investment Law requires us to give you a disclosure document approved by the Commissioner of Financial Protection & Innovation before we ask you to consider a material modification of your franchise agreement.

Release. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

ILLINOIS

1. The following language is added as the last paragraph of Items 5 and 7:

Due to our financial condition, the Illinois Attorney General's Office requires us to defer payment of the initial franchisee fee and other initial payments you owe us until we have

completed all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Great Harvest bakery cafe. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

2. The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

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

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

MINNESOTA

1. The following language is added as the last paragraph of Items 5 and 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

2. The Item 6 line-item entitled "Liquidated Damages" is deleted to the extent required by applicable law.

3. The fourth paragraph of Item 13 after the trademark chart is amended to read as follows:

You must notify us immediately when you learn about a possible infringement of our Marks. We will take the action we think appropriate (which might be no action). We may control exclusively any litigation or other proceeding resulting from any infringement, challenge, or claim concerning our Marks. If you have complied with all of our requirements that apply to the Marks, we will protect your right to use the principal Marks and indemnify you from any loss, costs, or expenses arising out of any claims, suits, or demands regarding your use of the Marks, in accordance with Minn. Stat. Sec. 80C.12, Subd. 1(g). It is our policy actively to police and defend our Marks and other intellectual property.

4. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. §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.

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

NEW YORK

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

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

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

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
 - C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
 - D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.
3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

We use the proceeds of the initial franchise fee to defray our costs and expenses of providing initial training and assistance to you.

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

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

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

You may terminate the agreement on any grounds available by law.

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

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

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

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

NORTH DAKOTA

1. The following language is added as the last paragraph of Items 5 and 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

2. The Item 6 line-item entitled “Liquidated Damages” is deleted to the extent required by applicable law.

3. The “Summary” sections in Items 17(c) and (m) of the Disclosure Document are amended by adding the following:

(Any release executed will not apply to the extent prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.)

4. The “Summary” section in Item 17(r) of the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, we will seek to enforce them to the extent enforceable.

5. The “Summary” section in Item 17(v) of the Disclosure Document is amended to add the following:

; however, to the extent required by applicable law, you may bring an action in North Dakota.

6. The “Summary” section in Item 17(w) of the Disclosure Document is deleted and replaced with the following:

Except for federal law, North Dakota law applies.

RHODE ISLAND

1. The “Summary” section in Item 17(v) of the Disclosure Document is deleted in its entirety, and the following is substituted in its place:

Litigation generally must be in Montana except as otherwise required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” section in Item 17(w) of the Disclosure Document is deleted in its entirety, and the following is substituted in its place:

Montana law generally applies, except as otherwise required by law for claims which arise under the Rhode Island Franchise Investment Act.

SOUTH DAKOTA

1. The following language is added as the last paragraph of Items 5 and 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

VIRGINIA

1. The first (1st) sentence in the sixth (6th) paragraph of Item 5 of the Disclosure Document is replaced with the following:

We may terminate the Franchise Agreement at any time for reasonable cause during the period between its effective date and 30 days after the main Bakery Cafe operator completes “Bakery Cafe School” in Dillon.

2. The following language is added as the last paragraph of Items 5 and 7:

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

3. The “Summary” section in Item 17(e) of the Disclosure Document is deleted in its entirety, and the following is substituted in its place:

We do not have the right to terminate the Franchise Agreement without cause.

**ASSURANCE OF DISCONTINUANCE
STATE OF WASHINGTON**

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance (“AOD”) with the State of Washington, where we have agreed to remove from our form franchise agreement a provision which restricts a franchisee from soliciting and/or hiring the employees of our other franchisees and/or our employees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us.

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

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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) the offer or sale of the franchise for the Great Harvest bakery cafe you will operate under the Franchise Agreement was made in the State of California and the bakery cafe will operate in California, or (b) you are a resident of the State of California and will operate your Great Harvest bakery cafe in California.

2. **Initial Fees.** The following language is added to the end of Section FYP6 of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.,
a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____ %

And by: _____

Percentage of Ownership: _____ %

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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) the offer or sale of the franchise for the Great Harvest bakery cafe you will operate under the Franchise Agreement was made in the State of Illinois and you will operate the bakery cafe in Illinois, and/or (b) you are a resident of Illinois.

2. **Initial Fees.** The following language is added to the end of Section FYP6 of the Franchise Agreement:

Due to our financial condition, the Illinois Attorney General’s Office requires us to defer payment of the initial franchisee fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Great Harvest bakery cafe. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

3. **Governing Law & venue; construction.** Section C30 of the Franchise Agreement, entitled “Governing Law & venue; construction,” is amended to read as follows:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Agreement.

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

4. **Termination, refund, expiration.** The following language is added at the end of the second paragraph of Section FYP13, titled “Termination, refund, expiration,” of the Franchise Agreement:

Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. **Illinois Franchise Disclosure Act.** The following language is added as Section C35 of the Franchise Agreement.

C35. **Illinois Franchise Disclosure Act.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

[Signature Page Follows]

GREAT HARVEST FRANCHISING, INC.,
a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____ %

And by: _____

Percentage of Ownership: _____ %

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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) the offer or sale of the franchise for the Great Harvest bakery cafe you will operate under the Franchise Agreement was made in the State of Minnesota, and/or (b) the Great Harvest bakery cafe will be located or operated in Minnesota.

2. **Initial Fees.** The following language is added to the end of Section FYP6 of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

3. **Use of Marks.** The following is added at the end of Section C14 of the Franchise Agreement, entitled “Building a brand”:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your right to use the Marks and indemnify you from any loss, costs, or expenses arising out of any claims, suits, or demands regarding your use of the Marks, in accordance with Minn. Stat. Sec. 80C.12, Subd. 1(g).

4. **Non-competition and confidentiality.** The following is added to Sections C17 and C18 of the Franchise Agreement:

Pursuant to Section 80C.14, Chapter 2860.4400, paragraph (J) of the Rules and Regulations promulgated by the Securities Division of the Minnesota Department of Commerce pursuant to the Minnesota Franchise Act, this Franchise Agreement shall not, to the extent prohibited by law, provide for liquidated damages upon the occurrence of any event.

5. **Releases.** The following language is added after the first set of bullet points in Section C22 of the Franchise Agreement, entitled “Selling your Bakery Cafe,” and at the end of subparagraph (3) of Section C23 of the Franchise Agreement, entitled “Renewal”:

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

6. **Renewal and Our right to terminate.** The following is added at the beginning of Sections C23 and C24 of the Franchise Agreement:

Minnesota law provides you with certain termination and non-renewal rights. Minn. Stat. §80C.14 Subds. 3, 4 and 5 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 this Agreement.

7. **Governing Law & venue; construction.** The following sentence is added to Section C30 of the Franchise Agreement, entitled “Governing Law & venue; construction”:

PURSUANT TO MINN. STAT. §80C.21 AND MINN. RULE PART 2860.4400J, THIS SECTION SHALL NOT IN ANY WAY ABROGATE OR REDUCE YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.,
a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____ %

And by: _____

Percentage of Ownership: _____ %

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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) the offer or sale of the franchise for the Great Harvest bakery cafe you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the bakery cafe in New York.

2. **Assignment.** The first paragraph of Section C22 is amended to add the following:

; Provided however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.

3. **Governing Law & venue; construction.** The first paragraph in Section C30 of the Franchise Agreement, entitled “Governing Law & venue; construction,” is amended to add the following:

; HOWEVER, THE GOVERNING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE PROVISIONS OF ARTICLE 33 OF THE NEW YORK STATE GENERAL BUSINESS LAW.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.,
a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____%

And by: _____

Percentage of Ownership: _____%

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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) the offer or sale of the franchise for the Great Harvest bakery cafe you will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) you are a resident of North Dakota and will operate the bakery cafe in North Dakota.

2. **Initial Fees.** The following language is added to the end of Section FYP6 of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

3. **Non-Competition and confidentiality.** The last paragraph of the “Non-Compete” subsections of Sections C17 and C18 of the Franchise Agreement will not be enforced to the extent prohibited by law, and the following language is added to the end of that subsection in C18:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent enforceable under the law.

4. **Releases.** The following language is added after the first set of bullet points in Section C22 of the Franchise Agreement, entitled “Selling your Bakery Cafe,” and at the end of subparagraph (3) of Section C23 of the Franchise Agreement, entitled “Renewal”:

(Any release executed will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.)

5. **Your responsibilities after termination or expiration.** The second paragraph, entitled “Money,” of Section C25 of the Franchise Agreement, entitled “Your responsibilities after termination or expiration,” is amended to add the following language:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

6. **Governing Law & venue; construction.**

(a) The first paragraph of Section C30 of the Franchise Agreement, entitled “Governing Law & venue; construction,” is amended to add the following at the end:

DESPITE THIS PROVISION, NORTH DAKOTA LAW WILL APPLY TO THIS AGREEMENT.

(b) The third paragraph of Section C30 of the Franchise Agreement is amended to add the following at the end:

HOWEVER, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, YOU MAY BRING AN ACTION IN NORTH DAKOTA.

7. **Conflict and Dispute Resolution.** Section C32 of the Franchise Agreement, entitled “Conflict and Dispute Resolution,” is amended to provide that the site for arbitration shall be agreed upon by the parties.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.,

a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____ %

And by: _____

Percentage of Ownership: _____ %

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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) the offer or sale of the franchise for the Great Harvest bakery cafe you will operate under the Franchise Agreement was made in the State of Rhode Island, and/or (b) you are a resident of Rhode Island and will operate the bakery cafe in Rhode Island.

2. **Governing Law & venue; construction.**

(a) The first paragraph of Section C30 of the Franchise Agreement, entitled “Governing Law & venue; construction,” is amended to read as follows:

Except to the extent governed by the United States Trademark Act of 1946 (the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*) or other federal law, and except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act, this Agreement will be construed and interpreted, and our relationship with you and the rights and obligations of the parties governed, in accordance with the internal laws of Montana, without regard to its conflicts of laws principles. Any law which may be adopted by the state of Montana regulating the sale of franchises or governing the relationship between us and our bakery cafe owners will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

(b) The third paragraph of Section C30 of the Franchise Agreement is amended to add the following at the end:

HOWEVER, NOTHING IN THIS PARAGRAPH AFFECTS YOUR RIGHT, TO THE EXTENT REQUIRED BY APPLICABLE LAW WITH RESPECT TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT, TO SUE IN RHODE ISLAND FOR CLAIMS ARISING UNDER THAT LAW.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.,
a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____ %

And by: _____

Percentage of Ownership: _____ %

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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 you will operate the bakery cafe in South Dakota.

2. **Initial Fees.** The following language is added to the end of Section FYP6 of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee you owe us until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the bakery cafe for business.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.,
a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____ %

And by: _____

Percentage of Ownership: _____ %

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

**RIDER TO THE GREAT HARVEST FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA**

This Rider is entered into this ____ day of _____, _____, by and between **GREAT HARVEST FRANCHISING, INC.**, a Montana corporation (“we,” “us,” or “our”), and _____ (“Franchisee,” “you,” or “your”).

1. **Background.** We and you 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 you will operate the bakery cafe in Virginia.

2. **Initial Fees.** The following language is added to the end of Section FYP6 of the Franchise Agreement:

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

3. **First Year Clauses—Termination, Refund, Expiration.**

The second paragraph of Section FYP13 of the Franchise Agreement, entitled “Termination, Refund, Expiration,” is amended to read as follows:

We may terminate this Agreement by notice to you only for reasonable cause during the period between the Effective Date and 30 days following the completion of Bakery Cafe School by the main Bakery Cafe operator. In the event this right is exercised by us, the franchise fee paid us at time of signing will, except as provided below, be promptly refunded to you, without interest, once you have signed a Mutual Release and all of our confidential information (as defined in Section C16), computer and software (as provided per Section FYP1) is returned to us.

[Signature Page Follows]

Intending to be legally bound, the parties have executed this Rider at the times and places written below. The effective date of this Rider is the latter of the two dates of signing.

GREAT HARVEST FRANCHISING, INC.,
a Montana corporation

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER (If Individuals)

By: _____

Percentage of Ownership: _____ %

And by: _____

Percentage of Ownership: _____ %

Date: _____

Place: _____

BAKERY CAFE OWNER (If Entity)

[Name of Entity]

By: _____

Title: _____

Date: _____

Place: _____

EXHIBIT I
MUTUAL GENERAL RELEASE

**GREAT HARVEST FRANCHISING, INC.
MUTUAL GENERAL RELEASE AGREEMENT**

THIS MUTUAL GENERAL RELEASE AGREEMENT is made and entered into this _____ day of _____, 2022, by and between GREAT HARVEST FRANCHISING, INC., a Montana corporation ("Great Harvest"), and _____, collectively ("Franchisee").

WHEREAS, Great Harvest and Franchisee entered into a Great Harvest Franchise Agreement (the "Franchise Agreement") dated _____, granting Franchisee the right to operate a GREAT HARVEST BREAD CO.[®] business using the confidential policies, procedures and techniques developed by Great Harvest and using certain proprietary marks, including the trademark and service mark "GREAT HARVEST BREAD CO.[®]."

WHEREAS, Franchisee desires to renew his or her Great Harvest franchise.

WHEREAS, Great Harvest, as permitted by the Franchise Agreement, requires as one condition of its consent to such renewal the execution of this Mutual General Release Agreement by Franchisee and Great Harvest.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. Great Harvest and Franchisee do hereby mutually release and forever discharge each other and each other's heirs, successors, representatives, assigns, agents, franchisees, employees, officers, and directors ("Designees"), and each of them, of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character, and description known or unknown, vested or contingent, arising from the Franchise Agreement or any related contract, which each party now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the other party hereto, arising prior to and including the date of this Mutual General Release Agreement; provided, however, that this release shall exclude (a) claims arising from assertion of any continuing rights reserved in this Mutual General Release Agreement, and (b) claims arising from assertion of any continuing rights or enforcement of obligations under the Franchise Agreement, including but not limited to any post-termination duties or obligations. If the parties to the Franchise Agreement are parties to any other franchise agreement for the operation of a Great Harvest bread company, this Mutual Release shall not apply to such other agreement.

2. The foregoing release shall not apply to any claims which the Franchisee may have which have arisen under (a) the California Franchise Investment Law or the California Franchise Relations Act; (b) the Hawaii Franchise Investment Law; (c) the Indiana Deceptive Franchise Practices Act, (d) the Illinois Franchise Disclosure Act of 1987, (e) Maryland Franchise Registration and Disclosure Law; (f) the Minnesota

Franchise Act; (g) the New York Franchise Investment Law; (h) the North Dakota Franchise Investment Law; or (i) the Washington Franchise Investment Protection Act. This release shall exclude claims arising from Franchisee's failure to pay any amounts due Great Harvest in the ordinary course of business. The parties expressly agree that this Mutual General Release Agreement will not apply to any claims Great Harvest may have under any Promissory Notes ancillary to the Franchise Agreement, or that pertain to other payment arrangements that the parties may have agreed upon.

3. The foregoing release shall not apply to any liabilities or claims related to any outstanding gift cards, gift certificates, coupons, or any other customer offers existing at the time you sold, transferred, or closed your store. You understand and acknowledge that you are solely responsible for any such liabilities. In the case of selling or otherwise transferring your ownership in the store, you may transfer any such liabilities to your store's buyer or transferee, only upon their full acceptance and acknowledgment that such liabilities are transferring to them. Whether you've closed, sold, or otherwise transferred your store, you also understand and acknowledge that if Great Harvest Franchising, Inc. satisfies any such outstanding liabilities on your behalf, which may be done solely at its discretion, your responsibility for these liabilities is excluded from this Mutual Release.

4. By executing this Mutual General Release Agreement, Great Harvest and Franchisee, for themselves and their respective successors, represent and warrant that their representations herein are true and correct and that each of them has the right and authority to enter into and to accept the terms and covenants of this Mutual General Release Agreement, and that no third party has or claims an interest in any claim released by Paragraph 1 of this Mutual General Release Agreement.

5. Great Harvest and Franchisee, for themselves and their respective Designees, acknowledge that Paragraphs 1 and 4 of this Mutual General Release Agreement shall be a complete defense to any claim that is subject to the terms thereof; consent to the entry of a temporary or permanent injunction, whether affirmative or negative, to prevent or end any breach hereof; and agree to indemnify each other and their successors for any and all costs and expenses incurred as a result of their breach of Paragraphs 1 and 4 hereof, including reasonable attorney's fees.

6. This Mutual General Release Agreement represents the complete, integrated, and entire agreement between the parties, and may not be modified except in writing signed by the parties.

7. This Mutual General Release Agreement shall take effect upon its execution and dating by Great Harvest in Montana and shall be governed by the laws of the State of Montana, which laws shall be controlling in the event of any conflict of law.

8. The provisions of this Mutual General Release Agreement are severable, and, in the event that any of them is held void and unenforceable as a matter of law, the remainder shall continue in full force and effect.

9. Each of the undersigned, if a corporation, partnership, or limited liability company, hereby represents and warrants that, as of the date of execution of this Mutual General Release Agreement, it is in good standing in the state of its organization, has the power to enter into this Mutual General Release Agreement, has duly authorized the execution of this Mutual General Release Agreement, and that such execution does not violate any other agreement to which it is a party.

IN WITNESS WHEREOF, the parties have executed and delivered this Mutual General Release Agreement as of the date first above written.

GREAT HARVEST FRANCHISING, INC.

By: _____

Title: _____

Date: _____

FRANCHISEE:

As individuals:

By: _____

And by: _____

Date: _____

Place: _____

On behalf of the corporation or limited liability company:

By: _____

Name: _____

Date: _____

Place: _____

EXHIBIT J
GUARANTY AGREEMENT

When you sign agreements with Great Harvest, you do so as people. If you fail to comply with the terms of the Franchise Agreement, we can hold you – as people – responsible for your actions. If you incorporate your Bakery Cafe, however, we find ourselves dealing with a corporation which is harder to hold accountable legally. Consequently, if you want to incorporate your business – for tax and other liability reasons – we ask you to sign the following agreement where you agree to be responsible to us personally for complying with the terms of the Franchise Agreement.

GUARANTY AGREEMENT

This Agreement is between Great Harvest Franchising, Inc., a Montana corporation whose principal place of business is in Dillon, Montana (hereafter “we” or “us” or “our”) and _____ (hereafter “you”) as an owner and/or officer of _____, a(n) _____ limited liability company (hereafter “your limited liability company”).

In consideration of us accepting your corporation’s Franchise Agreement and for other good and valuable consideration, you guarantee to us the following:

1. That your limited liability company will personally pay and satisfy, or if it does not, you will personally pay and satisfy every claim made by us against it so long as these obligations are consistent with agreements signed by both you and us. This includes any expenses, damages and fees that are due or may become due to us by your corporation.
2. You will personally perform in a timely manner the same promises your limited liability company made in the Franchise Agreement including, but not limited to, the terms in the Franchise Agreement relating to non-competition and confidentiality.
3. If we are required to use an attorney to enforce this guaranty, you agree to pay all court costs and reasonable Attorney’s Fees along with any expenses we may incur trying to compel you to satisfy the terms of your corporation’s Franchise Agreement with us.

This guaranty extends throughout the life of the contractual relationship between your limited liability company and us, including the length of the Franchise Agreement and any subsequent renewals of, amendments to, or changes to that Franchise Agreement. The Franchise Agreement now and into the future will be presumed to be covered by this guaranty even if any of these renewals, amendments or changes to the Franchise Agreement involve execution of new contracts. We do not have to notify you or ask you to sign any additional guaranty documents for this guaranty to continue to apply to the Franchise Agreement now and into the future.

We may without asking you do the following:

1. Change the manner, terms of payment or change or extend the time of payment between you and us consistent with our rights as defined by the Franchise Agreement.
2. Settle or compromise any liabilities guaranteed by this Agreement.

This agreement does not affect our right to terminate the Franchise Agreement consistent with our promises to your limited liability company in the Franchise Agreement. Also this Agreement will remain in effect even if the Franchise Agreement between your limited liability company and us is terminated, expires or is cancelled.

You agree that we don't have to first sue you or your limited liability company to enforce this Guaranty's terms. You also agree that this Guaranty is non-revocable, except with the express written consent of us. If you are more than one person – as might be the case if a husband and wife co-signed this Guaranty – you agree you are both liable for 100% of the terms of this Agreement even if the other of you two fails to meet their obligations under the terms of this Guaranty.

Signature: _____

Date: _____

<<fill in name of member 1>>

Owner of _____ % interest in the Franchise

Signature: _____

Date: _____

<<fill in name of member 2>>

Owner of _____ % interest in the Franchise

EXHIBIT K
AMENDMENT FOR ADDITIONAL BREAD COMPANY

Amendment for an Additional Bakery Cafe

This Amendment for an Additional Bakery Cafe amends the Franchise Agreement entered into on this same date by the undersigned parties (the “Franchise Agreement”).

Sections FYP 1, FYP 4, FYP 6, FYP 7, FYP 8, FYP 13, C7, and C22 in the Franchise Agreement are deleted or amended to make the Agreement appropriate for the opening of an additional bakery cafe.

FYP 4. Initial training

FYP 4 will be deleted and replaced with the following:

We will provide you initial training in the Great Harvest System. We will provide a minimum of fifty (50) total working hours of hands-on, person-to-person training by us, established bakery cafe owners, or their experienced employees, including personal visits by you to the Dillon, Montana, Franchise Office, and training at your Bakery Cafe during its first week of operation. If you do not comply with the Pre-Opening Requirements, you may not receive the full 50 working hours. We will provide you with a current version of the Pre-Opening Requirements before you sign this Agreement.

FYP 6. Franchise fee

FYP 6 will be deleted and replaced with the following:

You will pay us a non-refundable franchise fee at the time of signing this Agreement for the rights to open an additional Bakery Cafe location. Your fee will be \$10,000 if your additional bakery cafe is located within your exclusive territory you have been granted via any Franchise Agreement with us. Your fee will be \$15,000 if your additional bakery cafe is located outside your exclusive territory you have been granted via any Franchise Agreement with us. If you pay \$10,000 and then sign a lease for a location outside territory you have been granted via any Franchise Agreement with us, you will owe us \$5,000 within 14 days of lease signing. We offer a 15% discount for honorably-discharged veterans of the United States Armed Forces who control at least 50% of the bakery at the time of signing this Franchise Agreement.

FYP 7. Initial training

FYP 7 will be deleted and replaced with the following:

This Agreement entitles you to two training slots. You must send your Certified Manager for the additional location to our required training program before opening. If you want more training slots, you will be able to purchase them upon availability at our then current charges.

All persons attending our required training program must complete the Great Harvest University (“GHU”) online coursework before arriving for training. The training consists of five full days of training in Dillon, Montana. This week is a culmination of training to prepare you and make your additional location a success. Travel, food, and lodging, along with any costs or inconvenience caused by taking time off or paying employees to attend, will be at your expense and should be anticipated as a cost of start-up.

FYP 8. Substantial and continuing process toward opening

FYP 8 will be deleted and replaced with the following:

Your Bakery Cafe must be opened within fifteen (15) months from the effective date of this Agreement (or, if earlier, by the date provided in a Development Rights Rider to which we and you or your affiliate are parties). If not, this Agreement will automatically terminate on that date without notice from us, unless further extended by us in writing. Should this Agreement automatically terminate due to not being opened within the fifteen (15) month timeline (or earlier date), we will keep your franchise fee.

If you signed this Agreement pursuant to a Development Rights Rider we signed with you or your affiliate granting multi-Bakery Cafe development rights, no portion of any franchise fee paid with respect to the second or subsequent Bakery Cafe to be developed under a Development Rights Rider (if this Agreement relates to that second or subsequent Bakery Cafe), whether as part of the development fee under the Development Rights Rider or otherwise, is refundable under any circumstances, no matter why this Agreement is terminated. No portion of the development fee paid under a Development Rights Rider with respect to a second or subsequent Bakery Cafe to be developed is refundable under any circumstances.

Your intent is to open a Bakery Cafe as quickly as possible within the realm of good business judgment. Therefore, you must demonstrate a reasonable, sincere, and continuing effort to get the Bakery Cafe opened throughout the start-up process. You will present us with your selected location(s) for our evaluation and approval, and you agree you will not sign a lease for a location we have not approved.

FYP 13. Termination, refund, expiration

FYP 13 will be deleted and replaced with the following:

You may terminate this Agreement by notice to us in writing at any time before you open your Bakery Cafe. We will keep all of your non-refundable franchise fee.

Should this Agreement automatically terminate because the Bakery Cafe is not opened within the fifteen (15) month timeline (or, if earlier, by the date provided in a Development Rights Rider to which we and you or your affiliate are parties), we will keep all of your non-refundable franchise fee.

If you signed this Agreement pursuant to a Development Rights Rider we signed with you or your affiliate granting multi-Bakery Cafe development rights, no portion of any franchise fee paid with respect to the second or subsequent Bakery Cafe to be developed under the Development Rights Rider (if this Agreement relates to that second or subsequent Bakery Cafe), whether as part of the development fee under the Development Rights Rider or otherwise, is refundable under any circumstances, no matter why this Agreement is terminated. No portion of the development fee paid under a Development Rights Rider with respect to a second or subsequent Bakery Cafe to be developed is refundable under any circumstances.

If not sooner terminated by other means, these First Year Promises will automatically expire one year from the day you open your Bakery Cafe. None of the provisions of this First Year Promises section continues beyond the first year of operation.

C7. Continuing fee.

In accordance with the Franchise Agreement provisions and our policies regarding Additional Bread Companies, Section C7. Continuing fee, shall be amended with the following language:

You agree to pay to us a monthly continuing fee equal to four percent (4%) of the Gross Sales of your Bakery Cafe, payable from the first day that product is sold.

C22. Selling your Bakery Cafe

The first paragraph of Section C22, Selling your Bakery Cafe, will be deleted and replaced with the following paragraph:

We have an interest in who is in the Great Harvest family. We chose you because of your character, experience, attitude and financial capacity. We approved your application for expansion and allowed this Bakery Cafe to be located near your other bakery cafe(ies) based on common ownership. Accordingly, if you want to sell or transfer any part of this Agreement, the franchised business, or the Bakery Cafe’s assets, the sale or transfer is subject to our approval. None of your owners may sell or transfer an ownership interest in you (if you are a corporation or other legal entity) without our approval. We may require, at our sole discretion, that locations with separate franchise agreements are sold together to retain common ownership in the future, and you agree this is not unreasonable. We will not unreasonably withhold our approval. Some of the things we’ll be looking for follow: *(see second paragraph in C22 for the continuation of this section)*

In all other aspects the terms of the Franchise Agreement shall remain enforceable between the parties.

GREAT HARVEST FRANCHISING, INC.

By: _____

Title: _____

Date: _____

Place: _____

BAKERY CAFE OWNER:

By: _____

And by: _____

Date: _____

Place: _____

EXHIBIT L

TRANSFER AMENDMENT TO FRANCHISE AGREEMENT

Amendment for Transfer of the Great Harvest bread company

This Amendment for Transfer of the Great Harvest bread company amends the Franchise Agreement entered into on _____ by _____, the selling party.

All sections of the Franchise Agreement shall be fully effective and fully binding on the parties as of the date signed below; provided that the parties acknowledge and understand that the Bread Company subject to the Franchise Agreement is currently owned and operated by the transferring franchisee, and that certain aspects of the Franchise Agreement will therefore not take effect until the date of closing on the transfer of assets (the "Closing"). The "Effective Date" of the Franchise Agreement shall be the date of Closing. You shall begin paying the Continuing Fees described in Section C7 as of the Effective Date, and not before. The Non-competition and Confidentiality provisions in Sections _____, and all others provisions protecting our rights and yours, shall begin as of the date we sign this Transfer Amendment.

You and we expressly agree that your right to become an operating franchise owner under the Franchise Agreement is conditioned on your completion of training to our reasonable satisfaction, and a successful Closing. If these conditions are not met, we may terminate your rights to operate a Great Harvest Bread Company under the Franchise Agreement.

Sections FYP 1 through FYP 11, C7, C13, C20, C 21, C23, and C24 in the Franchise Agreement are deleted or amended to make the Agreement appropriate for transferring ownership of an existing bread company.

Transfer fee

We acknowledge receiving a total Transfer Fee of \$17,500.

We will give you a \$1,000 fee rebate upon the return of all of the Seller's Great Harvest confidential information at or very near to closing. If we do not receive all of the confidential information at or very near to closing, you are not eligible for the rebate.

We will give you a \$1,500 fee rebate upon completion of all of the following requirements:

- Complete the Great Harvest University ("GHU") Initial Training online coursework prior to attending Baking Fundamentals School, Made-To-Order School, and Bakery Cafe School, and
- attend Baking Fundamentals School before Closing, and
- attend Made-To-Order School before Closing, and
- attend Bakery Cafe School before Closing, and
- update systems, if required, within the first one hundred eighty (180) days after Closing, and
- install new exterior signage, if required, within the first year after Closing.

This rebate expires one year after Closing.

Termination, refund

Either party may terminate this Agreement by notice to the other in writing at any time within a period of 20 days following the date this Transfer Amendment has been signed by both parties, or until Closing, whichever period of time is shorter. No cause need be given, and, in the event this right is exercised by either you or us, the transfer fee paid us at time of signing, less our actual costs incurred to

date, will be promptly refunded to you, once all of our confidential information (as defined in Section C__) is returned to us. If you chose to purchase the optional computer directly from us, you may not return the computer to us for a refund, but you are required to allow us to erase our confidential information from the computer using an on-line service or by returning it to GHF. You promise to keep no copies, electronic or otherwise, of the information we erase.

Except for the specific time period defined above, the Transfer Fee is not refundable.

Initial Training

This Agreement entitles you to two training slots. You must send the Certified Manager to all of our required training programs. Every organization must have a Certified Manager. You may use the second slot to send a manager. If you want more training slots, you will be able to purchase them upon availability at our then current charges.

All persons who plan to attend training schools in Dillon, Montana will complete the GHU Initial Training online coursework, which lays the groundwork for successful bakery cafe ownership. This coursework consists entirely of self-directed, self-paced learning activities designed to teach key concepts to bakery cafe owners. All persons are required to complete the GHU Initial Training coursework before attending Baking Fundamentals School, Made-To-Order School, or Bakery Cafe School.

You will send the Bread Company Certified Manager for completion of the "Baking Fundamentals School Training," consisting of five full days of production training in Dillon, Montana. This portion of the training is for becoming proficient in bread-making and sweets-making skills. Travel, food, and lodging, along with any costs or inconvenience caused by taking time off, will be at your expense.

You will send the Bread Company Certified Manager for completion of the "Made-To-Order School Training," consisting of five full days of hands-on training in our test lab and classroom sessions in Dillon on various topics, such as food safety, pricing, equipment usage and safety, and ingredient control. Travel, food, and lodging, along with any costs or inconvenience caused by taking time off, will be at your expense.

You will send the Bread Company Certified Manager for completion of Bakery Cafe School Training, an intensive five-day program, in which you will plan for, prepare for, and then actually open and operate a live bakery called Great Harvest University Bakery. This learning experience gives you the opportunity to perform the daily activities involved in running a Great Harvest bakery. GHU On-line coursework, Made-To-Order School, and Baking Fundamentals School are prerequisites for attending Bakery Cafe School. Travel, food, and lodging, along with any costs or inconvenience caused by taking time off, will be at your expense and should be anticipated as a cost of start-up.

At least one person whose signature is on this Transfer Amendment (or one member or shareholder of the entity signing this Amendment) will spend at least five days training in the Bread Company with the selling owner in order to learn the non-baking systems of the Bread Company.

The above training must be completed prior to Closing.

In addition, you agree to allow a Transfer trainer(s) to spend two to seven days training you at the Bread Company, after Closing. If you are moving the Bread Company, refer to the Moving paragraph below for more details on this training.

In order that we may track and assist you during the initial transition period, you agree to send us monthly income statements for the first six months after the Closing date.

Menu, Pricing, and Systems

You are required to have your menu boards and labels meet all federal and state regulations.

You are required to use the then-recommended systems

- Point of Sale (POS) system and allow us access to the system;
- Credit Card Processor;
- Pricing tool;
- Labor management program and allow us access to the program;
- Accounting software programs and allow us access to the programs;
- Website developer and hosting provider;
- Online order ahead and national online catering providers;
- National purchasing programs;
- Inventory & ingredients cost control programs;
- Great Harvest Bake Record; and
- Harvest Rewards

If not updated before Closing, you will have one hundred eighty (180) days from the Effective Date of this Transfer Amendment to update systems as needed.

Territory

Your territorial rights are described in Section C5 of the Seller's Franchise Agreement, and your Exclusive Franchise Territory as of the date of this Amendment is drawn on the attached map. Great Harvest Franchising, Inc. agrees to give you this larger Exclusive Franchise Territory only in consideration for your agreement to open an additional Great Harvest Bakery Cafe inside the Exclusive Franchise Territory within two (2) years after the date you sign this Amendment. If you do not open an additional Great Harvest Bakery Cafe inside the Exclusive Franchise Territory within this timeframe, the definition of your Exclusive Franchise Territory will then be unilaterally reduced and modified by Great Harvest Franchising, Inc. to match the minimum size of the franchise territories that Great Harvest Franchising, Inc. then grants to new franchisees of single-site Great Harvest Bakery Cafes, as reflected in Item 12 of Great Harvest Franchising, Inc.'s then-current Franchise Disclosure Document.

Building a brand

The following sentence will be added to C____. Building a brand. The section referred to as Products Displaying the Trademark:

In addition, you agree to purchase and use all available Great Harvest branded packaging that is available through the then-current distribution partner.

In-term Non-Competition and Post-term Non-Competition

The following paragraph will be deleted in C__. In-term Non-Competition and C__. Post-term Non-Competition.

EMPLOYEES:

You promise not to hire or attempt to hire any employee of Great Harvest Franchising, Inc. or any employee, manager, or partner of a Great Harvest bread company, or assist in such hiring by anyone else,

or encourage any employee to terminate his or her employment with Great Harvest Franchising, Inc. or any Great Harvest bread company, at any time during the term of this Agreement.

Expansion

The following sentences will be added to C__. Expansion – Additional bread companies:

The then-current franchise agreement may contain a Marketing Fee.

Area Development Agreements replaced with Development Rights Riders

The term “Area Development Agreements” in clause C__. Expansion – Area Development Agreements is replaced with the term “Development Rights Riders.”

Selling your Bread Company

The following sentences will be removed from C__. Selling your Bread Company

The standard form Great Harvest Franchise Agreement present to your transferee will be the most recent version reviewed and approved by the Franchise Agreement Board, which is an elected board of franchisees.

Your rights in various sections of “C__. Selling your Bread Company” are subject to “Our Right-Of-First Refusal,” which is added to C__ of your Franchise Agreement as provided below.

The following will be added to C__. Selling your Bread Company

OUR RIGHT-OF-FIRST REFUSAL:

If you, any of your owners, or the owner of a controlling ownership interest (defined below) in a legal entity with an ownership interest in you at any time determines to sell or transfer for money or other consideration (which can be independently valued in dollars) the franchise rights granted by this Agreement and the Bakery Cafe (including its physical structure and/or all or substantially all of its operating assets), a controlling ownership interest in you, or a controlling ownership interest in a legal entity with a controlling ownership interest in you (except to or among your current owners or in a transfer covered under “*If You Want To Sell To Your Kids*” or “*If You Want To Create A Corporation*,” which are not subject to this right-of-first-refusal), you agree to obtain from a responsible and fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which we may require to include a copy of all proposed agreements related to the sale or transfer). The offer must include details of the proposed sale or transfer’s payment terms and the financing sources and terms of the proposed purchase price and provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed-dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to the rights granted by this Agreement and the Bakery Cafe (including its physical structure and/or all or substantially all of its operating assets), a controlling ownership interest in you, or a controlling ownership interest in a legal entity with a controlling ownership interest in you. It may not relate to any other interests or assets. We may require you (or your owners) to send us copies of any materials or information you send to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you within thirty (30) days after we receive both an exact copy

of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of consideration proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) the closing of our purchase will not (unless we agree otherwise) be earlier than sixty (60) days after we notify you of our election to purchase or, if later, the closing date proposed in the offer; (4) you and your owners must sign a Mutual General Release; and (5) we must receive, and you and your owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or of ownership interests in a legal entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; your and your owners' authorization to sell, as applicable, any ownership interests or assets without violating any law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Bakery Cafe before the closing of our purchase. If the offer is to purchase all of your ownership interests, we may elect instead to purchase all of the Bakery Cafe's assets (including its physical structure), and not any of your ownership interests, on the condition that the amount we pay you for such assets equals the full value of the transaction as proposed in the offer (i.e., the value of all assets to be sold and of all liabilities to be assumed).

Once you or your owners submit the offer and related information to us triggering the start of the thirty (30)-day decision period referenced above, the offer is irrevocable for that thirty (30)-day period. This means we have the full thirty (30) days to decide whether to exercise the right-of-first refusal and may choose to do so even if you or your owners change your, his, her, or its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and we may exercise the right to purchase the particular interest in accordance with this Section's terms.

If we exercise our right-of-first refusal and close the transaction, you and your transferring owners agree that, for two (2) years beginning on the closing date, you and they (and the other restricted persons) will be bound by the non-competition covenants contained in Section C18.

If we do not exercise our right-of-first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section C22. If you or your owners do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right-of-first-refusal, or if there is a material change in the sale's terms (which you agree to tell us promptly), we will have an additional right-of-first-refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

We have the unrestricted right to assign this right-of-first refusal to a third party (including an affiliate), which then will have the rights described in this portion of Section C22. (All references in this portion of Section C22 to "we" or "us" include our assignee if we have exercised our right to assign this right-of-first refusal to a third party.)

References in this portion of Section C22 to a "controlling ownership interest" in you or one of your owners (if a legal entity) mean the percent of voting shares or other voting rights resulting from dividing one-hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

Renewal

The following sentence will be removed from C___. Renewal

The standard form Great Harvest Franchise Agreement presented to you at renewal will be the most recent version reviewed and approved by the Franchise Agreement Board which is an elected board of franchisees.

Your responsibilities after termination or expiration

Your obligation under C__ of your Franchise Agreement to de-identify the premises of your Bakery Cafe location is subject to our right (described below) to purchase the Bakery Cafe's operating assets and/or receive an assignment of the Bakery Cafe's lease upon expiration or termination of the Franchise Agreement.

The following will be added to C__. Your Responsibilities after termination or expiration

OPTION TO PURCHASE OPERATING ASSETS:

Exercise of Option

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without renewal), we have the option, exercisable by giving you written notice before or within thirty (30) days after the effective date of termination or expiration, to purchase the operating assets and other assets associated with the Bakery Cafe's operation that we designate. We have the unrestricted right to assign this purchase option to a third party (including an affiliate), which then will have the rights and, if the purchase option is exercised, obligations described in this portion of Section C25. (All references in this portion of Section C25 to "we" or "us" include our assignee if we have exercised our right to assign this purchase option to a third party.) We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including representations and warranties regarding ownership and condition of, and title to, assets; liens and encumbrances on assets; validity of contracts and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Bakery Cafe before the closing of our purchase. While we (or our assignee) are deciding whether to exercise the option to purchase, we (or our assignee) have the right to conduct any investigations to determine: (1) the ownership and condition of the operating assets; (2) liens and encumbrances on the operating assets; (3) environmental and hazardous substances at or upon the Bakery Cafe's site; and (4) the validity of contracts and liabilities inuring to us (or our assignee) or affecting the operating assets. You must give us and our representatives access to the Bakery Cafe at all reasonable times to conduct inspections of the operating assets.

If you or one or more of your owners, directly or through another entity, hold title to the underlying real estate on which the Bakery Cafe's physical structure is located, we (or our assignee) may elect to lease that site from you or your owner (or the entity) for an initial five (5) or ten (10) year term (at our option), with one renewal term of five (5) or ten (10) years (again at our option), on commercially-reasonable terms. If you lease the Bakery Cafe's site from an unaffiliated lessor, you agree (at our option) to assign the lease to us or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease.

Purchase Price

If we elect to purchase all or substantially all of the operating assets and other assets associated

with the Bakery Cafe's operation, the purchase price for those assets (other than "Inventory," which is addressed above) will be their fair market value, although fair market value will not include any value for (1) the franchise or any rights granted by this Agreement, (2) goodwill attributable to our trademarks, brand image, and other intellectual property, or (3) participation in the Great Harvest system. In all cases, we may exclude from the assets purchased any operating assets or other items not reasonably necessary (in function or quality) to the Bakery Cafe's operation or that we have not approved as meeting our required standards and specifications; the purchase price will reflect those exclusions. We and you must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after we deliver our notice exercising our right to purchase. If we and you cannot agree on fair market value within this fifteen (15)-day period, fair market value will be determined by the following appraisal process.

Fair market value will be determined by one independent accredited appraiser upon whom we and you agree who, in conducting the appraisal, will be bound by the criteria specified above. We and you agree to select the appraiser within fifteen (15) days after we deliver our purchase notice (if we and you do not agree on fair market value before then). If we and you cannot agree on a mutually-acceptable appraiser within the fifteen (15) days, we will send you a list of three (3) independent appraisers, and you must within seven (7) days select one of them to be the designated appraiser to determine the purchase price. Otherwise, we have the right to select the appraiser. We and you will share equally the appraiser's fees and expenses. Within thirty (30) days after delivery of notice invoking the appraisal mechanism, we and you each must send the appraiser our and your respective calculations of the purchase price, with such detail and supporting documents as the appraiser requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the assets' fair market value. The appraiser has no authority to compromise between the two (2) proposed purchase prices; it is authorized only to choose one or the other. The appraiser's choice will be the purchase price and is final.

Closing

We will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined. However, we may decide after the purchase price is determined not to complete the purchase and will have no liability to you for choosing not to do so. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us (or our affiliates). At the closing, you agree to deliver instruments transferring to us: (1) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; (2) all of the Bakery Cafe's licenses and permits that may be assigned; and (3) possessory rights to the Bakery Cafe's site.

If you cannot deliver clear title to all purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your owners further agree to sign a Mutual General Release, in a form satisfactory to us, of any and all claims. If we exercise our rights under this portion of Section C25, then for two (2) years beginning on the closing date, you and your owners (and the other restricted persons) will be bound by the non-competition covenants contained in Section C18.

You may not under any circumstances sell any of the Bakery Cafe's assets until we have exercised or elected not to exercise our right to purchase those assets, as provided in this Section.

Note: the signage section below will only be included in the Amendment when the Seller's exterior signage doesn't meet our current standards:

Signage

If not installed before closing, you will have one year from the Effective Date of this Transfer

Amendment to install new exterior signage if needed. The new signage must be approved by us, in writing, before installation.

In all other respects, the terms of the Agreement shall remain enforceable between the parties.

GREAT HARVEST FRANCHISING, INC.

By: _____

Title: _____

Date: _____

Place: _____

BREAD COMPANY OWNER:

By: _____

And by: _____

Date: _____

Place: _____

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	March 25, 2022
Indiana	March 24, 2022
Michigan	March 25, 2022
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	March 24, 2022

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 Great Harvest Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[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. 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.]

If Great Harvest Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit B.

The franchisor is Great Harvest Franchising, Inc. located at 28 South Montana Street, Dillon, Montana 59725. Its telephone number is (800) 442-0424.

The franchise sellers for this offering are J. Michael Ferretti, Ben Green, Jeanette Lemieux, Amanda Flamm, and Greg Bastek, all of whom can be reached at 28 South Montana Street, Dillon, Montana 59725, (800) 442-0424.

Issuance Date: March 23, 2022

Great Harvest Franchising, Inc. authorizes the respective state agents identified on Exhibit B to receive service of process for it in the particular states. I received a disclosure document from Great Harvest Franchising, Inc. dated March 23, 2022, that included the following Exhibits:

- A. Franchise Agreement
- B. List of State Agencies/Agents for Service of Process
- C. Financial Statements
- D. List of Franchisees
- E. List of Franchisees Who Left Our System or Have Not Communicated With Us
- F. Tables of Contents for Confidential Start-Up Materials, Tracking Guide, and Opening Guidelines
- G. Development Rights Rider to Franchise Agreement
- H. State Addenda and Franchise Agreement Riders
- I. Mutual General Release
- J. Guaranty Agreement
- K. Amendment for Additional Bakery Cafe
- L. Transfer Amendment to Franchise Agreement

Date

Prospective Franchisee [Print Name]

Prospective Franchisee [Signature]

After signing and dating the Receipt, you may return it to us (to the attention of Jeanette Lemieux) by sending the original via overnight courier or 1st class mail to our address above, by faxing a copy to (406) 683-4545, or by emailing a scanned copy to jeanettel@greatharvest.com.

RECEIPT
(FRANCHISEE'S COPY-KEEP THIS COPY FOR YOUR RECORDS)

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 Great Harvest Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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- J. Guaranty Agreement
- K. Amendment for Additional Bakery Cafe
- L. Transfer Amendment to Franchise Agreement

Date

Prospective Franchisee [Print Name]

Prospective Franchisee [Signature]