FRANCHISE DISCLOSURE DOCUMENT

Franchisor: Amy's Wicked Slush, Inc.
Address: 13840 Healdsburg Avenue, Healdsburg, CA 95448
Telephone: (707) 327-6669
Webpage: WickedSlush.com

Amy's Wicked Slush, Inc. was formed in 2016 and opened its flagship location in Healdsburg, California in 2017. Amy's Wicked Slush is a quick-serve restaurant concept featuring Boston style Italian Ice (Slush) and soft serve ice cream, ~~along with a limited food menu~~.

The total investment necessary to begin operation of a AMY'S WICKED SLUSH, INC. franchise is between $135,700 - $355,500. This includes $30,000.00 that must be paid to the franchisor.

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 AMY COVIN at 13840 Healdsburg Avenue, Healdsburg, CA 95448, (707) 327-6669.

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 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.

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

Issuance Date:___________________.

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 or former franchisees. You can find their names and contact information in Item 20.
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 B 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 by the only Amy's Wicked Slush, Inc. 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 Amy's Wicked Slush, Inc. franchisee?	Item 20 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 the 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 D.

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 risks be highlighted:

1. **Short Operating History:** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

2. **Spousal Liability:** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and person assets, perhaps including your house, at risk if your franchise fails.

3. **Out-of-State Dispute Resolution:** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

4. **Financial Condition:** Franchisor is undercapitalized (see Item 21) and may not be able to meet preopening obligations to all franchisees.

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Item 1. The Franchisor.

The Franchisor is Amy's Wicked Slush, Inc. ("Wicked Slush") which is a California Corporation. "You" refers to the franchisee that enters into a franchise agreement. The franchisee may be a person, corporation, partnership or limited liability company. If the franchisee is a corporation, partnership or limited liability company, "You" does not include the principals of the corporation, partnership or limited liability company.

The Franchisor and Its Affiliates

The Principal Place of Business

Amy's Wicked Slush, Inc. is a California Corporation with its principal place of business located at 13840 Healdsburg Avenue, Healdsburg, CA 95448.

Agent for Service of Process

Franchisors Agent for Service of Process: Amy Covin located at 230 Pheasant Drive, Healdsburg, CA 95448.

State Agent for Service of Process: California Commissioner of the Department of Financial Protection and Innovation, 320 W Fourth St, Ste 750, Los Angeles, CA 90013.

Affiliates

There are no known affiliates of Wicked Slush that offer franchises in any line of business or provide products or services to the prospective franchisees.

Description of the Franchised Business

The Franchise Agreement.

Under the Wicked Slush franchise agreement ("Franchise Agreement"), you will have the right to establish and operate a single Restaurant (also referred to as a "Store" in this document) at an approved location using Wicked Slush's Proprietary Marks and the Wicked Slush System, described below.

You will operate the Store using a unique and distinctive trade name and business format (the "Wicked Slush System") as Wicked Slush specifies in the Franchise Agreement.

Wicked Slush's System.

Wicked Slush's System is distinguishable from other business formats by its distinctive characteristics including design and appearance specifications, uniform standards, specifications and procedures for operations, equipment, inventory and staffing, the quality and uniformity of the products and services, such as freshness standards, employee training and assistance, and its advertising and promotional programs. You will operate all of your Wicked Slush Stores under certain trade names, service marks, trademarks, trade dress, logos, emblems and indicia of origin, and other trade names, service marks, and trademarks which Wicked Slush now designates, or may designate in the future, for use in connection with the System (the "Proprietary Marks"). You will offer and sell Slush, Soft-Serve, Splits (the trademarked, visually distinctive combination of Slush and Soft-Serve), along with other menu items developed by Wicked Slush ~~such as the Waffogato, Wicked Hot Chocoalte, the Boston Dog, and various seasonal and non-seasonal menu items~~ which are made from unique and original formulae, trade secrets, quality standards and specifications and which are prepared from proprietary and/or approved mixes (collectively "Proprietary Products").

Market and Competition.

The general market for retail businesses featuring frozen confections is well developed and competitive. The number of restaurants and stores offering frozen confection products has increased recently and is expected to continue to increase rapidly. The Store will be competing against other national and local businesses featuring versions of slush, frozen soft serve and other frozen confections, such as ice cream and frozen yogurt, as well as supermarkets, convenience stores and fast food restaurants which offer similar items and services to the general public. The Store may also compete against other Wicked Slush locations or points of distribution. The food service business is highly competitive in price, service, business location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population and traffic patterns.

The retail sale of frozen confections may experience sales levels that are sensitive to local weather conditions and temperature. Stores located in enclosed locations may be less affected by these conditions but may still experience seasonal trends. Wicked Slush retains the right, in its sole discretion, to permit franchisees to operate seasonally (typically from April through September) or to require franchisees to remain open 12 months of the year depending on the market and location of the Store.

Industry-Specific Laws and Regulations.

Your Store will be subject to various federal, state and local laws, and regulations affecting the Store, including state and local licensing, zoning, land use, construction and environmental regulations and various health, sanitation, safety and fire standards affecting the Store. The operation of your Store may require a license for preparing and serving food on-premises. Various state and local laws may require the testing of products sold at your Shop on a periodic basis, either in the Store or at an outside laboratory. Your Store will be subject to state and local employment laws, such as the Fair Labor Standards Act and various state laws governing matters such as minimum wages, overtime and working conditions. Your Store must also comply with local fire codes. Your Store will also be subject to other laws or regulations that are not specific to the industry but apply to businesses generally.

Item 2. <u>Business Experience.</u>

President and Chief Executive Officer: AMY COVIN

Amy's Wicked Slush, Inc. is owned and operated by its founder, Amy Covin, since its inception.

Amy was born and grew up on the north shore of Boston, MA in the 1970's. After moving to northern California in 1982, she became a Certified Public Accountant and grew a successful consulting, accounting and tax practice from 1996 until the opening of Amy's Wicked Slush in early 2017. As a CPA, Amy was fortunate to see the successes and pitfalls of other businesses which gained her a wealth of knowledge on business operations and best practices prior to forming Amy's Wicked Slush. The impetus to retire from accounting and open Amy's Wicked Slush was the recognition of an unfilled niche in the frozen confections market: the introduction of Slush (Italian Ice) to northern California, featuring in a nostalgic experience reminiscent of Boston in the late 1970's.

Item 3. **Litigation.**

No litigation is required to be disclosed in this item.

Item 4. **<u>Bankruptcy.</u>**

No bankruptcy is required to be disclosed in this item.

Item 5. **Initial Fees.**

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

1. Initial Franchise Fees

Franchisee shall pay a non-refundable initial fee of **$30,000.00** for a single Store. The Fee is paid in a lump sum to Amy's Wicked Slush, Inc. immediately upon the franchisor's completion of all its pre-opening obligations and the franchisee has opened for business. These monies are paid to Amy's Wicked Slush, Inc.

2. Fees Related to Uniforms and Merchandise

The Franchisee can expect to pay between **$800 - $1,000** for uniforms, merchandise and sales items associated with opening the franchise location. These amounts are due as incurred and paid to Amy's Wicked Slush, Inc.

3. Fees Related to Grand Opening

The Franchisee can expect to pay up to $5,000 to the Franchisor for grand opening marketing associated with opening the franchise location.

Grand Opening Marketing: The Franchisee must pay Amy's Wicked Slush, Inc. a sum up to $5,000 to assist with grand opening marketing. You must conduct grand opening advertising and promotion for the Store in the form and manner as determined by Wicked Slush. The Grand Opening Advertising requirement applies to all new, transferred, and relocated Stores. The Grand Opening media and marketing promotional package provided by Wicked Slush on your behalf includes broadcast and print advertising as recommended by Wicked Slush to support the Store's grand opening.

4. Fees Related to Initial Inventory Order

The Franchisee can expect to pay up to $10,000 to the Franchisor to stock the Store with the initial order of products, accessories, inventory and supplies prior to opening. This initial order includes the required purchase of the Amy's Wicked Slush bases, proprietary recipes and instructions, and paper goods.

Item 6 (Table). **Table for Other Fees.**

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of gross sales	On or before the 10th of each month	See Note 1
Continuous Marketing Fee	2% of gross sales	As incurred	See Note 3
Local Marketing Requirement	1% of gross sales	As incurred	See Note 4
Late Fee	10% of the amount due	As incurred	See Note 5
Cancelation Fee	$5,000.00	As incurred	Wicked Slush
Wicked Slush's Advisory Council Fee	Currently none, but we reserve the right to impose a fee in the future	Not applicable	See Note 6
Site Selection	$100 - $1,000	If incurred; before opening	See Note 7
Website Hosting Fee	Then-current fee; currently, $0	When billed	See Note 9
Overdraft Fee	Then-current fee; currently, $50 for each insufficient payment	When incurred	See Note 10
Insurance	Amount of Insurance and Wicked Slush's procurement expense	When incurred	See Note 13
Transfer Fee	$2,500.00	As incurred if the franchise is transferred from your name	See Note 12
Renewal	50% of then-current franchise fee	Before renewal	See Note 14
Hold Harmless and Indemnification	Amount of loss or damages plus costs	When incurred	See Note 15

Interest and Audit Expenses	Interest on overdue amounts; cost of audit	When incurred	See Note 16
Collection Costs, Attorneys' Fees and Arbitration Fees	Costs of collection, attorneys' fees and arbitration fees	When incurred	See Note 17
Wicked Slush Lost Profits Following Termination	Royalty Fees and Advertising Fees for remaining term of the Franchise Agreement	When incurred	See Note 18
Training Cancellation Fee	Then-current fee; currently, $250	At time of late cancellation	See Note 19
COS Violation Fee	Then-current fee; currently, up to $1,000 per incident for the second and subsequent incidents	When incurred	See Note 20

The above table describes other recurring or isolated fees or payments that you must pay to Wicked Slush or its affiliates, or which Wicked Slush or its affiliates impose or collect on behalf of a third party, in whole or in part. Unless otherwise indicated, all of the fees listed in the table are uniformly imposed by, payable to, and collected by Wicked Slush, and are non-refundable; however, as noted above, Wicked Slush reserves the right to waive or amend any of the fees for satellite or limited menu locations, as the circumstances may warrant.

NOTES:

Note 1 — Royalty Fee:

Wicked Slush charges a 6% Royalty Fee on gross sales of a Wicked Slush Store.

See also Item 8 of the Franchise Disclosure Document.

The 6% Royalty Fee will be charged based on reported Gross Sales of the Store. The Franchisee will be invoiced, on a monthly basis, an amount equal to 6% of the Gross Sales reported by the Store for the preceding month. All payments must be made by electronic funds transfer.

"Gross Sales" is defined in the Franchise Agreement as all revenue from the sale of all products and services and all other income of every kind and nature (including, but not limited to, cash, services, from barter and/or exchange, on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses). "Gross

Sales" does not include (a) any sales taxes or other taxes collected from guests and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold.

Note 2 —:

This Note has been intentionally left blank.

Note 3 — Continuous Marketing Fee:

You must pay Wicked Slush an advertising fee ("Continuous Marketing Fee") which Wicked Slush has the right to allocate between a national or regional advertising fund or to an advertising cooperative established for the common benefit of System franchisees, as Wicked Slush deems appropriate. The Continuous Marketing Fee is 2% on the Gross Sales of the Wicked Slush Store. "Gross Sales" does not include (a) any sales taxes or other taxes collected from guests and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold. You will be invoiced, on a monthly basis, an amount equal to 2% of the Gross Sales reported for the preceding month. All payments must be made by electronic funds transfer.

Note 4 — Local Marketing Requirement:

In addition to the Continuous Marketing Fee, for each month (or portion of each month) during which your Store is open for business, you must spend an average 1% of Gross Sales per month on local advertising in the manner Wicked Slush prescribes or otherwise in writing (the "Local Marketing Requirement"). Wicked Slush has the right, under the Franchise Agreements, to increase the Minimum Local Advertising Expenditure to a maximum of 3%.

Note 5 —Late Fee

Payments which are more than thirty (30) calendar days past their due date will incur a Late Fee of 10% of the amount due. This includes any checks, drafts, electronic or other payment which is unpaid due to insufficient funds. The highest interest rate allowed by law for Late Payments in the State of California is 10% annually.

Note 6 — Advisory Council Fee:

Wicked Slush may establish a Wicked Slush Advisory Council. Upon formation, Franchisee shall participate actively in such Wicked Slush Advisory Council ("Council") as the Company designates and participate in all Council programs approved by the Company. The Council operates to provide effective communication between Wicked Slush and its franchisees, and to provide a forum for Wicked Slush and member franchisees to work together toward improving and enhancing Wicked Slush name and System; to share ideas, solutions and experiences; and to achieve common objectives.

Franchisees are not currently required to pay an Advisory Council Fee; however, Wicked Slush reserves the right to require franchisees to pay an Advisory Council Fee that Wicked Slush, in its sole discretion, determines and to require franchisees to pay a pro rata share per Franchise Agreement for assessments which may become necessary to accomplish the purpose of the Counsel.

*Note 7 — **Site Selection:***

Under the Franchise Agreements, Wicked Slush will conduct, if deemed necessary and appropriate by Wicked Slush and at no cost to you, one on-site evaluation of any properly submitted proposed site that meets Wicked Slush criteria. For each additional on-site evaluation (if any) of the same location that was previously submitted and reviewed, Wicked Slush may require you to reimburse Wicked Slush for Wicked Slush's reasonable expenses, including the costs of Wicked Slush payroll for site selection personnel, travel, lodging, food and other miscellaneous expenditures. The figures in the chart reflect Wicked Slush estimated expenses in conducting one additional on-site evaluation (if any). The reimbursement of such expenses incurred by Wicked Slush (if any) is nonrefundable and will be imposed by, payable to and collected by Wicked Slush.

Note 8 —:

This Note has been intentionally left blank.

*Note 9.— **Website Hosting Fee:***

Wicked Slush has the right to establish and maintain a Website, which may promote the Proprietary Marks and/or the System and/or the Wicked Slush Stores operating under the System. Currently, Wicked Slush provides you with access to a website, free of charge. However, Wicked Slush reserves the right to require you to pay any fee imposed by Wicked Slush, or your *pro rata* share of any fee imposed by a third-party service provider, as applicable, in connection with hosting the Website.

Note 10 — Overdraft Fee:

If there are insufficient funds in your bank account for paper or electronic fund transfer to cover payments due to Wicked Slush or its affiliates, or if an electronic fund transfer attempt is not successful, Wicked Slush has the right to charge you its then-current overdraft fee and administrative costs. Currently, this fee is $50 for each insufficient payment.

Note 11 —:

This Note has been intentionally left blank.

Note 12 — Transfer Fee:

If any transfer subject to the Franchise Agreements occurs as further described in Item 17, you must pay Wicked Slush a nonrefundable transfer fee of $2,500. However, in the case of a transfer to a corporation or limited liability company formed by you for the convenience of ownership, there is no transfer fee for transfers occurring within the first 12 months of the agreement being transferred, and the transfer fee will be $200 for transfers occurring at or any time after 12 months from the date of the agreement being transferred. Wicked Slush may, in its discretion, reduce the transfer fee under the Franchise Agreement.

As a condition to any transfer of your Store, the transferor, at its expense, may be required to refurbish the Store to conform to Wicked Slush then-current standards and specifications. Wicked Slush may require the transferee to pay into escrow an amount of money equal to the estimated cost of the refurbishment as determined by Wicked Slush, to be held by Wicked Slush or a third party approved by Wicked Slush until the Store has been brought into compliance with Wicked Slush's then-current standards as reasonably determined by Wicked Slush, and to sign Wicked Slush's then-current form of escrow agreement.

Note 13 — Insurance:

Before you open the Store, you must purchase and maintain at your sole expense at all times during the term of the Franchise Agreements the insurance coverage that Wicked Slush specifies, including comprehensive general liability insurance, product liability and broad form contractual liability insurance. If you fail to obtain or maintain the required insurance, Wicked Slush has the option to obtain such insurance on your behalf and charge you for the cost of the insurance and its reasonable expenses in connection with obtaining and maintaining it. Wicked Slush estimates the annual insurance premium for the minimum required insurance coverage to be $4,800.
See also Item 7.

Note 14 — Renewal Fee:

If you renew the Franchise Agreements at the expiration of the original Franchise Agreement term, you must pay Wicked Slush a renewal fee equal to 50% of the then-current initial franchise fee being charged for a Wicked Slush Store when you sign the renewal agreement. In addition, as a condition to renewal, you must make or provide for such renovation and modernization of your Store so that it conforms to Wicked Slush's then-current standards, practices and image. Wicked Slush may require that you pay into escrow an amount of money equal to the estimated cost of the renovation and modernization as determined by Wicked Slush, to be held by Wicked Slush or a third party approved by Wicked Slush until the Store has been brought into compliance with Wicked Slush's then-current standards as reasonably determined by Wicked Slush, and to sign Wicked Slush's then-current form of escrow agreement.
See also Item 17.

Note 15 — Hold Harmless and Indemnification:

Under the Franchise Agreements you must indemnify and hold Wicked Slush, its affiliates, and their respective officers, directors, agents and employees harmless against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under any of these agreements, as well as the costs, including attorneys' fees, of defending against them.

Note 16 — Interest and Audit Expense:

Wicked Slush and/or its designated agents have the right, under the Franchise Agreements, to examine and copy, at Wicked Slush's expense, your books, records, accounts and tax returns. Wicked Slush also has the right, at any time, to have an independent audit made of your books. If an inspection should reveal that you have understated any payment due to Wicked Slush, you must immediately pay to Wicked Slush the understated amount upon demand, in addition to interest from the date such amount was due until paid, at the rate of 18% per year, or the maximum interest rate permitted by law, whichever is less. If an inspection reveals that you have understated any report by 3% or more, you must, in addition to repaying monies owed and interest, reimburse Wicked Slush for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs).

Note 17 — Collection Costs, Attorneys' Fees and Arbitration Fees:

Except as described in any of the Franchise Agreements, any claim or controversy arising out of, or related to, the Franchise Agreements or the making, performance or interpretation of the Franchise Agreements, will be settled by arbitration. Any claim not subject to the arbitration requirement will be litigated in the federal or state courts sitting in California, CA, County of Sonoma. In the event of arbitration or litigation, the prevailing party will be entitled to recover all costs of the arbitration or litigation, including the arbitrator's fee and attorneys' fees, interest and costs of investigation. Additionally, the arbitrators' award will include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. Each party must also pay to the prevailing party all damages, costs and expenses, including all court costs, arbitration costs, and reasonable attorneys' fees, incurred by the prevailing party in successfully enforcing any provision of the Franchise Agreements (whether or not any arbitral or judicial proceedings are initiated), including the obtaining of injunctive relief. In addition, if Wicked Slush engages an attorney to collect any unpaid amounts (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court and/or arbitration costs and collection expenses incurred by Wicked Slush. If you are in breach or default of any non-monetary material obligation and Wicked Slush engages an attorney to enforce its rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs, arbitration, and/or litigation expenses.

Note 18 — Wicked Slush Lost Profits Following Termination:

Wicked Slush has the right, under the Franchise Agreements, to recover from you Wicked Slush's lost profits following termination of your Franchise Agreements in an amount equal to the mathematical product of (1) the number of months of the unexpired portion of your initial term under the Franchise Agreements, multiplied by (2) your average monthly Royalty Fee and Advertising Fee payments during the twelve-month period before termination. These fees will compensate Wicked Slush for lost profits resulting from the termination of the Franchise Agreements.

Note 19 — Training Cancellation Fee:

If you register for and fail to attend a training course without providing notice of the cancellation at least 10 business days before the scheduled training course, you must pay Wicked Slush's then-current cancellation fee. Wicked Slush reserves the right to charge you the then-current cancellation fee if you request to reschedule your training with less than 48 hours' notice. The cancelation fee is currently $250.

Note 20 — COS Violation Fee:

Wicked Slush has and will from time to time establish a set of critical operating standards ("Critical Operating Standards"), which govern and will govern certain aspects of your operations. If you fail to comply with any of the Critical Operating Standards, you must pay Wicked Slush the then-current Critical Operating Standards Violation Fee ("COS Violation Fee"). The amount of the COS Violation Fee is currently: 1st ~~and 2nd~~ violation~~s~~ = no fee; each subsequent violation incurs a fee of $1,000.

Item 7 (Table). **Table for Estimated Initial Investment.**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$30,000 (Note 2)	Certified Funds	Upon the Franchisor completing its pre-opening obligations and the Franchisee opening for business.	Wicked Slush
Travel and Living Expenses While Training	$200-$3,500 (Note 12)	Lump Sum	As incurred	Airlines, hotels, restaurants
Lease Deposit Rent	$4,000 - $12,000 (Note 3)	Lump Sum	As incurred	Landlord
Leasehold Improvements	$20,000-$100,000 (Note 4)	As agreed to	As incurred	Various Providers
Furniture, Fixtures and Equipment	$60,000 - $150,000 (Note 5)	As agreed to	As incurred	Various Required Suppliers
Computer (POS) System	$2,500 - $5,000 (Note 6)	As agreed to	As incurred	Vendor
Signage	$5,000 - $10,000 (Note 8)	As agreed to	As incurred	Vendor
Opening Inventory	$5,000 – $10,000 (Note 10)	As agreed to	As incurred	Wicked Slush and Designated and approved suppliers
Uniforms and Merchandise	$800-$1,000	Certified Funds	As incurred	Wicked Slush
Grand Opening Marketing	$1,000 - $5,000 (Note 11)	As agreed to	As incurred	Wicked Slush and Various Vendors
Utility Deposits, Professional Fees,	$1,000 -$4,000 (Notes 7 and 13)	As agreed to	As incurred	Various government entities, utility

Business Licenses, etc.				companies, attorneys and accountants
Insurance – 3 months	$1,200-$1,500 (Note 9)	As agreed to	As incurred	Selected Provider
Inspection Fee	$0-$1,500	As agreed to	As incurred	Wicked Slush
Additional Funds – 3 Months	$5,000 - $25,000 (Note 14)	As agreed to	As incurred	Various vendors
Total	$135,700 - $355,500 (Note 1)			

Except as otherwise described in the notes below, the above table provides an estimate of your initial investment for a Store and the costs necessary to begin operation of your Store. The table describes the initial investment and costs for a standard Store. All costs listed in the table are estimates only. Actual costs will vary for each franchisee and each location depending on a number of factors. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

***NOTES*:**

Note 1: As described above, your costs can vary. These figures are estimates for the development of one franchise unit and the franchisor cannot guarantee that you will not have additional expenses starting your franchise. Wicked Slush relied upon its historical experience in formulating these estimates. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the franchised business and your skills at operating a business. You should review these figures carefully with a business advisor before buying a franchise.

Note 2: See Item 5 for a description of the Initial Fees

Note 3: While you may own or purchase real estate in which to locate your Store, Wicked Slush anticipates that you will more likely lease a location for the Store in a shopping center or elsewhere. The figures in the charts are based on Wicked Slush's estimate of the cost of your lease or sublease for the leasehold premises. Standard Stores typically occupy approximately 700 to 1,500 square feet of commercial space. The monthly rental for leased premises varies depending upon the location of the Store and the then-current, local real estate rental market conditions. You should obtain estimates of rental costs by contacting local commercial realtors before you sign the Franchise Agreement. The figures in the charts reflect an estimate for a one-month security deposit and the first month's rent. Wicked Slush estimates that rentals will range between $2,000 and $6000 monthly for 1,200 square feet of commercial space. In addition, some landlords may require additional security deposits or rental payments upon signing a lease. Many locations, such as malls and shopping centers, require the tenant to pay charges in addition to rent, such as real estate taxes, percentage rental, utilities, maintenance and insurance. Such additional charges would increase your rental costs. You should carefully investigate and evaluate all of the potential costs associated with a particular franchise location.

Note 4: This category includes construction build-out costs, construction costs and the cost of fixtures. Your initial investment for leasehold improvements may vary depending upon the size of your Store and its geographic location. Construction costs in some areas of the country may exceed these estimates. These amounts reflect your cost if you purchase fixtures from or through approved contractors. Your actual cost for improving real estate may exceed the estimates contained in the charts.

Note 5: This range reflects the cost of purchasing the basic equipment necessary to operate your Store and incidental office equipment. The low end of this range reflects the cost of purchasing used equipment. Basic operating equipment includes a minimum of 1 of Wicked Slush proprietary slush batch machines, 2 soft-serve machines, 2 dipper style refrigerators, 2 door upright freezer, and a work top refrigerator. The high end of this range reflects purchasing new equipment. If you elect to finance or lease these items, you will incur a monthly lease expense in lieu of the expenses for purchase of the items described in the charts. Such expense could vary, depending upon the type of lease or length of financing. Wicked Slush estimates that monthly financing costs will range between $1,100 and $1,300. Depending on the suppliers chosen, the cost of supplies and equipment may be refundable.

Note 6: This estimate includes the costs of purchasing the appropriate Point of Sale equipment as well as computer hardware and software required by the Franchise Agreements. Equipment may be purchased, leased or financed. See Item 11 for a description of the computer system.

Note 7: The figures in the chart include the estimated cost of building and zoning permits, and business operating licenses. The cost of obtaining these permits and licenses will vary according to local standards and regulations. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses, building and zoning permits, and related types of expenses in your local area or municipality.

Note 8: The figures in the chart reflects the estimated cost of the signage required under Wicked Slush standards, specifications and requirements. The cost of signs depends on the size and location of your Store, the particular requirements of the landlord, local and state ordinances and zoning requirements. The estimates given in the charts include exterior and interior artwork and graphics.

Note 9: Before you open the Store, you must purchase and maintain at your sole expense the insurance coverage that Wicked Slush specifies. This will include comprehensive general liability insurance, property and casualty insurance, statutory worker's compensation insurance, employer's liability insurance and product liability insurance. Each policy must be written by a responsible carrier or carriers acceptable to Wicked Slush and must name Wicked Slush, its affiliates and their respective officers, directors, partners, agents and employees as additional insured parties. Wicked Slush estimates the annual insurance premium to be $4,800. The cost of the business insurance coverage required by the Franchise Agreement will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate, and national or local market conditions. Wicked Slush anticipates that you will be required to pay your insurance carrier or agent a full annual premium in advance.

Note 10: You must stock the Store with the initial order of products, accessories, inventory and supplies prescribed by Wicked Slush. These figures reflect the base cost of the proprietary Slush bases, additional flavoring ingredients, sugars, uniforms, paper goods and other miscellaneous supplies both from Amy's Wicked Slush, Inc. and other designated and approved suppliers.

Note 11: See Item 5 of this disclosure document for a description of the grand opening advertising requirement. This figure represents the fee due to Amy's Wicked Slush, Inc. for the initial grand opening advertising package and any additional marketing the franchisee seeks to run prior to opening.

Note 12: The figure for training in the charts includes moderately priced lodging accommodations, food costs, and automobile mileage expense for two persons attending Wicked Slush standard initial training program for franchisees and managers for 9 days. These estimated costs will vary according to the living accommodations, travel arrangements and dining facilities used. If you reside in the Healdsburg area and commute to training, your training costs are likely to be less. Wicked Slush fees with respect to training are discussed in Item 6, above.

Note 13: You may be required to hire an architect and/or have an attorney represent you at local township zoning hearings for building approvals or permits. The figures in the charts are Wicked Slush estimates of your architect's and attorney's fees if zoning hearings are required by your locality.

Note 14: Wicked Slush estimates that before opening the Store and for a period of three months after the opening of your Store, you will need approximately $5,000 - $25,000 in additional funds. The estimate in the charts includes rent and utilities for the second and third months of operation, employees' salaries for three months, and other miscellaneous expenses. The amount of additional funds that you may need will vary depending upon the location of the Store, the number of paid employees you hire and their rate of pay and your own management and operational skill. The fact that your Store may experience seasonal sales activity may create additional working capital requirements. The estimated additional funds amounts assume that (1) you will not draw a salary from the Store during this initial phase and (2) the Store will be operating during the initial three-month period.

Item 8. Restrictions on Sources of Products and Services.

Wicked Slush has spent considerable time, effort and money to develop the Wicked System. Your Store must conform to Wicked Slush's high and uniform standards of quality, safety, cleanliness, appearance and service. Wicked Slush anticipates that its standards will change over time. You are expected to adhere to these changes.

Required Purchases

You may not install or permit installation of any fixtures, furnishings, equipment, decor, signs or other items that have not been previously approved as meeting Wicked Slush's standards and specifications.

Under all circumstances you are to purchase the Wicked Slush Bases, branded paper products, uniforms, merchandise such as hats and shirts and promotional materials directly from Amy's Wicked Slush, Inc. You must also purchase from approved supplier's various food products. Wicked Slush currently designates unaffiliated manufacturers from whom you must purchase Wicked Slush proprietary slush batch ~~machines~~ freezers, soft serve ~~machines~~ freezers, dipping ~~boxes~~ cabinets, walk-in ~~boxes~~ freezers, ~~freezers,~~ and refrigerators~~, blenders, and coffee makers~~.

You must purchase all other food items, ingredients, supplies, materials, and other products and equipment you use or offer for sale at the Shop from Wicked Slush and/or suppliers (including manufacturers, distributors, and other sources) who (i) are able to meet Wicked Slush standards and specifications for those items; (ii) possess adequate quality controls, and (iii) are capable of supplying your needs promptly and reliably.

To the extent Wicked Slush has specified approved or designated suppliers for any item, you must purchase those items from approved or designated suppliers. You must use products purchased from approved suppliers solely for the purpose of operating the Shop and not for any other purpose.

Other than as described in this Item 8, Wicked Slush has no method for formulating specifications and standards or for evaluating, approving or disapproving suppliers.

Because the Wicked Slush Bases are essential to the preparation and taste of the Proprietary Products (including slush and soft serve), you must use the Wicked Slush Bases and prepare the products according to Wicked Slush standards, specifications, and procedures.

You must purchase all Wicked Slush Bases from Wicked Slush and/or suppliers whom Wicked Slush has approved or designated, who may include Amy's Wicked Slush, Inc. All purchases of Wicked Slush Bases (and any other items) will be at such prices, and on such other terms and conditions as Wicked Slush may specify in writing. The terms of purchase may differ if you purchase from an approved supplier. You will be responsible for, and pay the cost of, shipment and insurance, if any. Wicked Slush has the right to approve for sale, by changes in writing, other menu items and products that must be prepared from a Wicked Slush Base.

Mark Up for Items Purchased Directly from Wicked Slush

Wicked Slush will implement a 25% mark up on the cups and other paper-related goods. In addition, Wicked Slush will implement a ~~40%~~ 35% mark up on the slush base. Merchandise such as hats and shirts will be sold to the franchisee at cost.

Wicked Slush estimates that the costs of purchasing the Wicked Slush Bases, uniforms, and grand opening advertising materials will constitute approximately 5% to 8% of your total purchases and leases in connection with establishment of your Store and purchases of the Wicked Slush Bases, uniforms, and advertising materials from Wicked Slush will constitute approximately 20% to 26% of your total ongoing operating expenses.

Approval of New Suppliers or Items

The Franchisor does not maintain a specific process for approving suppliers, but it is based on a past working relationship and performance basis.

If you would like to purchase products from a supplier who Wicked Slush has not been approved, you must submit a written request to Wicked Slush for approval and provide Wicked Slush all evidence, as Wicked Slush may reasonably require, which demonstrates that the supplier and the item conforms with Wicked Slush specifications. Wicked Slush has the right to inspect the supplier's facilities, and to demand delivery of samples from the supplier for evaluation and testing to Wicked Slush or to an independent testing facility that Wicked Slush designates. You must reimburse Wicked Slush for the reasonable cost of the evaluation and testing. Wicked Slush will use its best efforts to notify you in writing within 30 days from the date Wicked Slush receives your written request for approval or completes testing, of its approval or disapproval of the proposed supplier.

Before approving any supplier, Wicked Slush may take into consideration: (i) consistency of products and/or name brands; (ii) economies of scale achieved by larger volumes; (iii) delivery frequency and reliability; and (iv) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, Wicked Slush take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. Wicked Slush reserve the right to withhold approval of a supplier for any reason. You may not purchase any product from the proposed supplier until you receive Wicked Slush written approval.

Wicked Slush has the right to revoke its approval of particular products or suppliers when it determines, in its sole discretion, that such products or suppliers no longer meet its standards. You may not sell any disapproved product or purchase from any disapproved supplier after receiving notice that Wicked Slush approval of such product or supplier has been revoked. Wicked Slush is not required to approve any particular supplier. Wicked Slush is not required to make available to you or prospective suppliers Wicked Slush criteria for approving suppliers or its standards and specifications for formulas, including, the formulas for the Wicked Slush Bases, that Wicked Slush, in its sole discretion, deems confidential.

Purchasing or Distribution Cooperatives

Through economies of scale and increased efficiencies, Wicked Slush has negotiated on behalf significant cost containment of price increases for distribution costs and has negotiated actual cost reductions of several signature items and products.

Other than as described above, Wicked Slush does not negotiate purchasing arrangements with suppliers for the benefit of franchisees, and Wicked Slush does not provide you any material benefits for purchasing from designated or approved sources. There are currently no purchasing or distribution cooperatives in existence for the Wicked Slush System.

Material Benefits

We do not provide material benefits to franchisees, such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated sources.

Approved Location

Wicked Slush must approve the location of your Store and the lease for the premises. Wicked Slush will provide you with a sample layout and specifications for the Store. You may hire an architect to prepare your plans and make any necessary changes to our standard layout and specifications. Wicked Slush's acceptance of your architect will not in any way be an endorsement of your architect or render Wicked Slush liable for your architect's performance or your architects' compliance with professional design standards or adherence to local codes. You must hire a general contractor to complete the build-out of your Store, if local regulations require such licensing. You must purchase certain items of machinery and equipment from sources Wicked Slush approves for your Store. Wicked Slush approval of your equipment source will not in any way be Wicked Slush endorsement of your equipment source or render Wicked Slush liable for your equipment source's performance.

Franchisees may operate outside of their approved location only through mobile or kiosk sales within their protected territory.

Computer Purchase and Credit Card Acceptance

Wicked Slush ~~also~~ has the right to specify or require that you use certain brands, types, makes, and/or models of Point of Sale (POS) systems and other electronic equipment. Wicked Slush also has the right, but not the obligation, to develop or have developed for Wicked Slush, or to designate computer software programs that you must use in connection with the POS system, which you must install at your expense. Wicked Slush currently designates two approved vendors for point of sale systems. Wicked Slush does not require that you purchase any other computer hardware or software from an approved supplier at this time.

You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that Wicked Slush has approved.

Advertising

All advertising and promotion of your Store must conform to Wicked Slush specifications and standards and must be approved by Wicked Slush in advance. You must submit to Wicked Slush, for its approval, copies of **all** advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs.

Insurance Requirements

You must obtain and keep in force at a minimum the insurance Wicked Slush requires. The mandatory insurance currently includes: (i) comprehensive general liability insurance covering property damage, with limits of coverage of not less than $1,000,000 single limit coverage for personal injury, $1,000,000 in the aggregate, and $1,000,000 for property damage; (ii) fire and extended insurance covering building, supplies, inventory, fixtures, furnishings and equipment in amounts equal to at least 90% of the market value of the building, supplies, inventory, fixtures, furnishings and equipment; (iii) workers' compensation insurance as required by the laws of the state in which the Shop is operated and employers' liability insurance with a limit per claim of not less than $1,000,000; (iv) business interruption insurance covering a period of not less than 6 months (with a maximum deductible of 72 hours); (v) a fidelity bond, with a minimum liability of $50,000, with a $2,500 deductible, insuring against employee theft and related matters; (vi) automobile insurance with not less than $1,000,000 in coverage; and (vii) general umbrella coverage in an amount not less than $1,000,000 . If the lease for the Store premises requires you to purchase insurance with higher limits than those Wicked Slush requires, the lease insurance requirements will take precedence.

Such policy or policies shall be written by a responsible carrier or carriers acceptable to Wicked Slush, shall name Wicked Slush and their respective officers, directors, partners, agents and employees as additional insured parties as specified by Wicked Slush, and shall provide at least the types and minimum amounts of coverage as specified by Wicked Slush from time to time in writing.

All policies must be primary and non-contributory and must contain a waiver of subrogation in Wicked Slush's favor. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to Wicked Slush. Upon request, you must provide Wicked Slush with a currently issued certificate of insurance evidencing coverage in conformity with its requirements. Wicked Slush may increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to you, and you must comply with any modification.

Item 9 Table. **Table of Franchisee's Obligations**

FRANCHISEE'S OBLIGATIONS

This table lists your principle 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	1.2	6 and 11
b. Pre-opening purchase/leases	1.2, 3.3, 3.4, 5.4, 7.6	7 and 8
c. Site development and other pre-opening	5	6, 7, and 11
d. Initial and ongoing training	6	6, 7, and 11
e. Opening	5	11
f. Fees	4, 7.3, 12.6.4, 12.6.5, 25.4.1, 25.6, 25.7	5, 6, and 7
g. Compliance with standards and policies/operating	7	8 and 11
h. Trademarks and proprietary information	7.9, 8	13 and 14
i. Restrictions on products/services offered	1.5, 7.3	8 and 16
j. Warranty and customer service requirements	7.1, 26	11
k. Territorial development	1.1, 1.3	12
l. Ongoing product/service purchases	7, 7.5	8
m. Maintenance, appearance and remodeling	5.2, 5.3, 7.10, 7.11	17
n. Insurance	13	6 and 7
o. Advertising	12	6, 7, and 11
p. Indemnification	20	6
q. Owner's participation/management/staffing	7.12	11 and 15
r. Records and reports	11	6
s. Inspections and audits	3.8, 5.4, 7.8, 11.4	6 and 11
t. Transfer	14	6 and 17

u. Renewal	2	17
v. Post-termination obligations	16, 17.3	17
w. Non-competition covenants	17.3	17
x. Dispute resolution	25	17
y. Other (describe)		N/A

Item 10. <u>**Financing.**</u>

Wicked Slush does 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, Wicked Slush is not required to provide you with any assistance.

PRE-OPENING OBLIGATIONS

Franchise Agreement

Except as described below, Wicked Slush is not required to provide any assistance to you under the Franchise Agreements before you begin operating your Store:

1. Wicked Slush will furnish to you such site selection guidelines and consultation, as Wicked Slush may deem advisable. It is your responsibility to locate a site that satisfies Wicked Slush site selection criteria;

2. Wicked Slush will furnish to you such on-site evaluation as Wicked Slush may deem advisable as part of your requests for site approval; provided, however, if on-site evaluation is deemed necessary and appropriate by Wicked Slush, Wicked Slush will conduct one on-site evaluation at Wicked Slush's cost;

3. Wicked Slush will make available, at no charge to you, its standard plans and specifications for a prototypical Wicked Slush Store, including exterior and interior design and layout, fixtures, furnishings and signs. You must hire an architect, if necessary, to prepare your plans and make any changes to Wicked Slush standard plan design to conform to applicable laws, regulations or local codes;

4. Wicked Slush will provide its initial training program as described in Item 11 of this disclosure document;

5. Wicked Slush will provide such on-site pre-opening and opening supervision and assistance as it deems advisable;

6. Wicked Slush will provide you with electronic access to its manuals (via Internet, extranet, or other electronic means) for the term of the Franchise Agreement;

7. Wicked Slush will assist you in designing and implementing your grand opening plan, including providing a media and marketing promotion that may include broadcast and print advertising as recommended by Wicked Slush for the Store's grand opening.

Operating Manual

Prospective Franchisee's may view a copy of the company operating manual prior to the signing of the franchising agreement subject to the signing of a confidentiality agreement.

Typical Timeline to Grand Opening

25 weeks out	Discovery Day at Wicked Slush – Tour/Connect/Review
21 – 19 weeks out	Sign Agreement with Amy's Wicked Slush and find location
18 – 17 weeks out	Sign lease on location; meet with architect; arrange construction
17 weeks out	Begin construction; exterior signage approval from City/County
13 weeks out	Order equipment; Order POS; Order Menu signs; Hang "Coming Soon" sign; Start account with major suppliers
10 – 6 weeks out	Construction finishing; hire store manager; begin sourcing employees; order inventory from distribution and Amy's Wicked Slush; set up supplies; participate in Amy's Wicked Slush NSO preparation meeting; train management
5 – 3 weeks out	Conduct final interviews and begin hiring; have all new employees complete new hire documents; have all permits ready; participate in NSO "Now Open" promotional materials
2 weeks out	Begin training all new employees; create initial store training and opening weeks support schedule
1 week out	Final week of employee training; invite select guest for "sneak peak" and plan "friends and family" soft opening

OBLIGATIONS AFTER OPENING

After opening your Store, Wicked Slush is obligated under the Franchise Agreements to perform the following services:

1. Wicked Slush will provide to you advertising plans and promotional materials, including newspaper mats, coupons, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials;

2. Wicked Slush will administer the contributions to the advertising;

3. Wicked Slush will make available to you for sale, or designate or approve other suppliers who will make available to you for sale, certain ingredients required for your preparation of certain Proprietary Products, including Wicked Slush proprietary Slush Bases and proprietary or approved soft serve mix; and ingredients for such other menu items as Wicked Slush may designate;

4. Wicked Slush will provide you, as it deems appropriate, advice and written materials concerning techniques of managing and operating the Wicked Slush Shop, including required and suggested inventory and sales methods, new developments and improvements on the franchised business layout and design, and new developments in products and marketing techniques; and

5. Wicked Slush will approve the type of menu items and other products and services offer in your Shop, as Wicked Slush may periodically modify;

6. Wicked Slush will permit you to use its Confidential Information in connection with the operation of your Shop during the term of your franchise agreement;

7. Wicked Slush will permit you to use the Proprietary Marks in connection with the operation of your Shop during the term of your franchise agreement;

8. Wicked Slush will conduct such inspections of your Store as it deems necessary and advisable.

ADVERTISING PROGRAMS

Advertising

The Franchisor will assist Franchisee in sourcing the advertising what is needed for operation. The Franchisee must spend 2% of Gross Sales on advertising and spend 1% of Gross Sales ~~for~~ on local marketing.

Advertising Fund

Wicked Slush will establish an advertising fund (which it will administers) for the common benefit of System franchisees (the "Fund"). You will be required to contribute to the Fund the sum of 2% of all reported Gross Sales of the Store. Wicked Slush will allocate all Fund Contribution payments to the Fund. Company-owned Stores are required by the Franchise Agreement to contribute to the Fund on the same basis as franchisees generally within the System.

Under the Franchise Agreement, Wicked Slush will have the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Wicked Slush believes will enhance the image of the System, such as preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking social media sites, such as Facebook, Twitter, LinkedIn, Instagram, Pinterest, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for Wicked Slush; direct mail advertising; deploying social networking promotional initiatives through online media channels; implementing loyalty programs; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items;

conducting and administering in-store promotions and "mystery shopper" program(s); and providing promotional and other marketing materials and services to the businesses operating under the System. Wicked Slush is not required under the Franchise Agreement to spend any amount of Fund contributions in the area in which your Store is located. Wicked Slush will maintain all sums contributed to the Fund in an account separate from Wicked Slush's other monies. Wicked Slush will not use any part of Fund contributions to defray any of its expenses, except for such reasonable costs and overhead, if any, as Wicked Slush may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional, and marketing programs.

Wicked Slush does not anticipate that any part of your contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but Wicked Slush reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information.

Wicked Slush anticipates that all contributions to the Fund will be expended for their intended purpose during the Fund's fiscal year in which contributions are made. Fund surpluses, if any, may be expended in the following fiscal year(s). The Fund will not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes. An accounting of the Fund's operation will be prepared and audited annually and financial statements will be made available to you during regular business hours, upon your written request. Wicked Slush reserves the right, under the Franchise Agreement, to require that such annual accounting include an audit of the operation of the fund prepared by an independent certified public accountant selected by Wicked Slush and prepared at the Fund's expense.

Website

Wicked Slush has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and/or the System and/or the Wicked Slush stores operating under the System. You must pay to Wicked Slush any fee imposed by Wicked Slush, or your *pro rata* share of any fee imposed by a third-party service provider, as applicable, in connection with hosting the Website. Wicked Slush will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Wicked Slush will also have the right to discontinue operation of the Website at any time without notice to you. Currently, Wicked Slush offers each franchisee access to a free website that you may use for advertising in connection with your Store.

Except as Wicked Slush approves in advance in writing, you may not establish or maintain a separate Website, or otherwise maintain a presence or advertise on the Internet (including any social media or blogs) or any other public computer network in connection with your Store. If Wicked Slush grants written approval, you must establish and operate your Website, social media sites or blogs in accordance with Wicked Slush's standards and policies provided to you.

Minimum Local Advertising Expenditure

Each week (or portion of each week) during which your Store is open for business, you must spend an average 1% of Gross Sales per week on local advertising in the manner Wicked Slush prescribes (the "Minimum Local Advertising Expenditure"). Wicked Slush has the right, under the Franchise Agreement, to increase the Minimum Local Advertising Expenditure to a maximum of 3%. You may use your own advertising material so long as you have received prior written permission from Wicked Slush. If you propose to use any advertising which Wicked Slush has not previously approved, Wicked Slush has the right to condition approval of your proposed advertising upon your agreement to provide other System franchisees, whose Wicked Slush businesses are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. You must provide any proposed advertising to Wicked Slush at least 30 days before you propose to use it. Wicked Slush is not contractually obligated to approve or reject any advertising submitted to Wicked Slush within the 30 days, but Wicked Slush will attempt to do so. You may not use the advertising unless Wicked Slush gives you approval in writing.

You are not permitted to use your own advertising. Print or electronic coupons (living social, Groupon, etc.) or promotional plans or material unless Wicked Slush first approves in writing.

Grand Opening Advertising

In addition to the Minimum Local Advertising Expenditure, you must conduct grand opening advertising and promotion for the Store in the form and manner as determined by Wicked Slush. The Grand Opening Advertising requirement applies to all new, transferred, and relocated Stores. Under the Franchise Agreement, between 30 days before the opening of the Store and 180 days after the opening, you must spend up to $20,000 on grand opening advertising and promotion, which will include a media and marketing promotion provided by Wicked Slush on your behalf that may include broadcast and print advertising as recommended by Wicked Slush to support the Store's grand opening. The cost of the promotion and media included shall be determined by Wicked Slush and may vary depending on the size and location of the market where the Store is located.

Advisory Committee

Wicked Slush may eventually have an advisory committee composed of franchisees that advises Wicked Slush on advertising policies. The committee will serve in an advisory capacity only. All persons who are signatories to a Wicked Slush franchise agreement are eligible to become members of the committee.

COMPUTER SYSTEM

Under the Franchise Agreements, you must keep, maintain and record all sales on such Point of Sale recordkeeping, cash register(s) or reporting system(s) as Wicked Slush designates, or on any other equipment which Wicked Slush specifies in writing or otherwise.

Wicked Slush has the right to specify or require that you use certain brands, types, makes, and/or models of communications, computer systems, and hardware. Wicked Slush also has the right, but not the obligation, to develop or have developed for Wicked Slush, or to designate computer software programs that you must use in connection with the computer system, which you must install at your expense. You must determine what is required for you to comply, and subsequently comply, with the most recent version of the Payment Card Industry Data Security Standards.

At Wicked Slush's request, you must purchase or lease, maintain, and upgrade, the computer system and, if applicable, the required software. Wicked Slush will have independent, unlimited access to the information the computer system generates. Wicked Slush has the right at any time to remotely retrieve and use such data and information from your Computer System or Required Software that Wicked Slush deems necessary or desirable. All maintenance and support for the computer system is your responsibility. The frequency and cost of your obligation to upgrade or update any hardware component or software program during the term of the franchise, and your cost to do so will vary depending on your equipment and market area. Based on industry averages, this annual maintenance or upgrade may cost approximately $500-$800.

Subject to the above requirements, the computer will be used for reporting Gross Sales and other information, communicating with Wicked Slush personnel, and accessing Wicked Slush's intranet. Wicked Slush currently does not have independent access to the information and data generated by your computer system, but Wicked Slush reserves the right to do so. We estimate that the Computer System and Software Program will cost approximately $900.

SITE SELECTION AND OPENING

Franchise Agreements

You may operate your standard Store, only at and from a single location that Wicked Slush has approved (the "Approved Location"). You must before obtaining the premises for the Store, submit to Wicked Slush a description of the proposed site and such information and materials as Wicked Slush may reasonably require and a letter of intent or other evidence satisfactory to Wicked Slush which confirms your favorable prospects for obtaining the proposed site. Once submitted, Wicked Slush then will have 30 days after receipt of such information and materials from you to approve or disapprove, in its sole discretion, the site as a location for the ~~Shop~~ Store.

If you do not obtain a site for your Store within 6 months after signing the Franchise Agreement, then your failure to obtain an approved site or commence operations of the Store will constitute a default under the Franchise Agreements and Wicked Slush may terminate the Franchise Agreements.

After the location for the Store has been approved by Wicked Slush and obtained by you, the location will constitute the Approved Location referred to in the Franchise Agreements. In evaluating a potential site, Wicked Slush considers various factors including: general location, neighborhood, distance from neighboring businesses, proximity to major roads and residential areas, traffic patterns, available parking, visibility, size of the building, capability of being approved for walk-up window service and being permitted to close during the off-season, lease terms, and demographic characteristics of the area.

You may not open the Store for business until (i) Wicked Slush notifies you in writing that the Store meets its standards and specifications; (ii) you have successfully completed initial training to Wicked Slush's satisfaction; and (iii) you have provided Wicked Slush with certificates of insurance for all required insurance policies.

Typical Length of Time Between Signing Franchise Agreements and Opening Franchised Business

Franchisees typically open their Store about 6 to 9 months after signing the Franchise Agreements. The actual length of this period depends upon your ability to obtain a mutually acceptable site and the lease for that site, acceptable financing arrangements, completion of leasehold improvements, training of personnel, delivery of inventory and equipment and other factors.

Additional Investment

Wicked Slush reserves the right to periodically make changes to the System, including menu items, standards, Shop specifications, signage, equipment, and fixtures requirements. In the event that Wicked Slush makes any of these types of changes, or your equipment wears out or becomes obsolete (including for no longer complying with System standards or requirements), you may have to make, on an as-needed basis, additional investments in your Wicked Slush business.

TRAINING PROGRAMS

Wicked Slush's initial training program consists of training at the original Amy's Wicked Slush location in Healdsburg, California and additional on-site opening training and assistance prior to and after you open your Store.

You (or if you are a corporation, partnership or limited liability company, a principal acceptable to Wicked Slush) and one other employee whom Wicked Slush has approved, must attend and successfully complete, to Wicked Slush's satisfaction, Wicked Slush's standard initial training program. You must complete the initial training program at least 30 days prior to opening your Store. For most effectiveness, Wicked Slush recommends that you schedule your training as close to the store opening as possible.

The standard initial training program consists of at least 5 days and can be longer of training at the original Amy's Wicked Slush location in Healdsburg, California. The standard initial training program will include training in the preparation of slush, soft serve and other products sold at Wicked Slush stores, methods of operation, techniques of doing business, bookkeeping; establishing and maintaining quality standards; guest service, advertising and promotions;

security and loss prevention; opening methods and techniques; personnel training; and such other items as Wicked Slush determines. At Wicked Slush's option, each of your additional and/or replacement managers must attend, and successfully complete to Wicked Slush's satisfaction, Wicked Slush's training program. In addition to the training of the two individuals described above, any approved personnel from your Store responsible for preparing menu items from a Wicked Slush Base, or proprietary recipe~~,~~ must be certified in a manner prescribed by Wicked Slush to prepare menu items. (See Item 6)

You and your manager and other employees must also attend such additional courses, seminars, conventions and programs as Wicked Slush may reasonably require from time to time. All training will be conducted at times, dates and places as Wicked Slush designates from time to time and will be subject to the availability of Wicked Slush personnel.

You or your employees will be responsible for any and all expenses incurred in connection with any courses, seminars, conventions and programs, including, costs of accommodations, meals, wages and travel, as well as worker's compensation insurance. If you register for and fail to attend a training course without providing notice of the cancellation at least 10 business days before the scheduled training course, you must pay Wicked Slush's then-current cancellation fee. Wicked Slush reserves the right to charge the then-current cancellation fee if you reschedule your initial training for a time other than the scheduled training date. Wicked Slush has the right to provide any training program through seminars, lectures, classes, Internet-based programs, conference calls, or other methods. Wicked Slush has the right to charge you its then-current training fee for any initial training, ongoing training, or additional training.

Training Program.

TRAINING PROGRAM TABLE

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome to Wicked	1.5	0	Wicked Slush – Healdsburg, CA
Hospitality	3	0	Wicked Slush - Healdsburg, CA
Guest Care	3	3	Wicked Slush - Healdsburg, CA
Working with Slush	6	6	Wicked Slush / Own Location

Filling Orders, Supply Chain	8	10	Wicked Slush / Own Location
Ordering and Stocking	3	6	Wicked Slush / Own Location
Equipment Maintenance	3	6	Wicked Slush / Own Location
Storefront Products and Daily Procedures		6.5	Wicked Slush / Own Location
Labor and Scheduling		1.5	Wicked Slush / Own Location
Store Marketing	1	1	Wicked Slush / Own Location
New Store Opening Process	.5		Wicked Slush / Own Location
Registers, Sales, POS Systems, Gift Cards, etc.	1		Wicked Slush / Own Location
Operational Standards	1		Wicked Slush / Own Location
Mock Store Open		2.5	Own Location
Additional In-Store Training		40	Own Location

Training Instructor History:

The instructors of the training program are Amy Covin and Ben Shakked. Amy Covin is the founder and developer of Amy's Wicked Slush and all proprietary menu items. Ms. Covin has 4.5 years of experience in the food preparation field and additional years of experience in general business. Ben Shakked has been with Amy's Wicked Slush since its inception and worked to develop company procedures and processes for mobile operations using his prior experience in the food industry,

Item 12. **Territory.**

The Franchisee shall not directly solicit customers in areas outside of its territory, but if a Franchisee's advertisement of its location is conducted in a way that it is viewed, heard or observed by potential customers in a different territory, that would not be considered a direct solicitation. A Franchisee cannot make any marketing or advertising endeavors to directly steer customers from one territory to another.

The Franchisor does not have any plans to operate a franchise or franchise a business under a different trademark where that business sells similar goods as Amy's Wicked Slush, Inc.

Franchise Agreements

Under the Franchise Agreements, you have the right to establish and operate one Wicked Slush Store at an Approved Location. Each location for a potential franchise must be approved by the Franchisor.

You will be granted a protected territory as described in the following sentence ("Territory"). Except as described below, during the term of the Franchise Agreements, Wicked Slush will neither establish and operate, nor license any other party to establish and operate, a Wicked Slush store under the System and the Proprietary Marks within the Territory, which will be defined as a certain radius or designated geographic area around the Approved Location. The Territory will be described in the Franchise Agreements and will be determined by various factors including demographics, the concentration of other businesses in the vicinity, existing and potential restaurant competition, projections of growth in the area, and the economic environment. The radius of the Territory can also be impacted by geographic and/or man-made conditions such as bodies of water, mountains, driving conditions and other factors which may necessitate the Territory being less than the radius mentioned below. The Territory granted will also depend on whether the franchise is a single-unit location or a satellite location. A single-unit location is a franchise which exclusively sells and markets Amy's Wicked Slush products. A satellite location is a franchise which offers for sale other products in addition to Amy's Wicked Slush and provides only a select menu as described in the Franchise Agreement.

While the above may dictate the exact nature of a Territory, a Franchisee shall not open a franchise location within a 5-mile radius of other single-unit locations or within a 2-mile radius of a satellite location, unless the customer base of each store is determined to be substantially mutually exclusive. However, a Franchisee may open subsequent stores within a 2-mile radius of its original store and may open multiple franchise locations, subject to the approval of the Franchisor. The Franchisee is granted the right to conduct mobile or kiosk sales only within its protected territory, unless prior written consent is given by the Franchisor. The exclusive nature of the territory is not dependent on the sales of the Franchise. The Franchisee will not be able to amend the territorial exclusivity, except as stated above.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that Wicked Slush owns, or from other channels of distribution or competitive brands that Wicked Slush controls.

Wicked Slush will still have the right, among others, during the term of the Franchise Agreements to establish and operate, and license other parties to establish and operate, Wicked Slush stores in the future in the form of mobile satellite units, fixed location satellite units, and kiosks under the Wicked Slush System and the Proprietary Marks within your Territory at any existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, and any similar outlets as Wicked Slush determines, in its sole discretion.

Wicked Slush also will still have the right, among others, to use, and to license others to use, the Wicked Slush System and the Proprietary Marks for the operation and licensing of other Wicked Slush Stores at any location outside of the Territory.

Wicked Slush also retains the right, both within and outside the Territory, to acquire, merge with, or otherwise affiliate with, and then own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks.

You may not relocate the Store (1) outside of the Territory or (2) without Wicked Slush's prior written consent. If you wish to relocate the Store, you must submit to us a written request to approve the proposed new location. We are not obligated to approve any request for relocation, and we may require any or all of the following as conditions of our approval:

(a) you are in compliance with all terms and conditions of the Franchise Agreements;

(b) you have the funds available to relocate the Store and construct a new Store according to our then-current design standards;

(c) You sign our then-current form of the Franchise Agreement;

(d) You sign a general release of any and all claims against us and our affiliates, and our respective officers, directors, agents and employees; and

Wicked Slush has the right, in its sole discretion, to specify a new territory upon relocation, which may be smaller than your current Territory. Our consent may also be based upon the effect of relocation on other Wicked Slush Stores, whether in operation, under construction or in negotiations.

You have only the right to sell the menu items from the Approved Location to retail customers for actual consumption on the Store premises or for personal carryout consumption. The rights granted to you under the Franchise Agreements specifically exclude any right to sell any product for resale, to sell any product at or from any place except the Approved Location and mobile or kiosk locations within the Franchisee's approved territory.

Wicked Slush has the right to distribute its products, including the Proprietary Products, in your Territory through itself, its affiliates, or its licensees or designees, in such manner and through such channels of distribution other than Wicked Slush Stores as Wicked Slush, in its sole discretion, determines, including specialty stores, grocery stores, supermarkets, catering services, sales of products by mail order or catalog business or via the Internet.

You do not have the right to distribute the Proprietary Products through such alternative channels of distribution or to share in the proceeds received by any authorized party. You have no options, rights of first refusal or similar rights to acquire additional Wicked Slush Stores within the Territory or in contiguous areas during the term of the Franchise Agreements.

Item 13. **Trademarks.**

(i) **"Split"** = The Mark was registered with the United States Patent and Trademark Office on October 1, 2019. The Registration Number is 5870933. The Registration is for goods (Frozen desserts, namely, a half-soft serve ice cream and half-italian ice hybrid) in Class 30. This Registration ends on October 1, 2029. This Mark appears on the principal register.

(ii) **"Wicked Slush"** = The Mark was registered with the United States Patent and Trademark Office on November 27, 2018. The Registration Number is 5616936. The Registration is for goods in Class 30. The Registration extends to and includes November 27, 2028.

(iii) **"Amy's Wicked Slush"** = The Mark consists of a broken two circle design with the wording "Amy's Wicked Slush" appearing in the inner circle and the wording "From the North End of Boston" and "To the South End of Healdsburg" appearing around the two circles. The Mark was registered on January 22, 2019. The Registration Number is 5659632. The Registration is for services (including ice cream parlors; ice cream shop services in the nature of a restaurant) in Class 043. This Registration ends on January 22, 2029.

(iv) **"Wicked Slush"** = This Mark differs than "Wicked Slush" as described in (ii) above as this Mark is for services (including ice cream parlors; ice cream shop services in a nature of a restaurant) in Class 043. This Mark was registered on January 22, 2019. The Registration Number is 5659631. This Registration ends on January 22, 2029.

(v) **"Slushtails"** = This Marked was registered with the United States Patent and Trademark Office on August 2, 2021. The Registration Number is 6436706. The Registration is for goods in Class 30 and Class 33 (Alcoholic slush drinks, namely, slush cocktails). The Registration extends to and includes August 2, 2031.

No Known Litigation or Infringement

There is no litigation or issues of infringement in connection with these Marks. There are no known instances of infringement of the aforementioned Marks. There are no known limitations for the Franchisor to use the aforementioned Marks.

The Franchisor will take reasonable measures to protect the Marks listed above. The Franchisor would control any administrative proceedings or litigation involving a trademark licensed by the Franchisor to the Franchisee.

Common Law Trademarks

Wicked Slush also owns and claims common law trademark rights in the trade dress used in System Stores. Wicked Slush's common law trademark rights and trade dress are also included as part of the Proprietary Marks.

No Other Superior Rights

All required affidavits and all required renewals pertaining to these registrations have been filed. Franchisor, upon information and belief, maintains that there is no other superior right to or infringing uses that could materially affect the Franchisee's use of the principal trademarks in this or any other state. Wicked Slush is not aware of any presently effective material determinations of the PTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or pending material litigation involving the Proprietary Marks which may be relevant to their use in any state.

Authorized Use of Proprietary Marks

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that Wicked Slush may subsequently license to you. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Mark.

In using the Proprietary Marks, you must strictly follow Wicked Slush's rules, standards, specifications, requirements and instructions that may be modified by Wicked Slush, in its sole discretion. You must use only the Proprietary Marks that Wicked Slush designates and may use them only in the manner Wicked Slush authorizes. You may use the Proprietary Marks only in connection with operating your Store at the Approved Location, or in advertising for the business conducted at or from the Approved Location. You may not use Wicked Slush's registered name or Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Wicked Slush.

Unless Wicked Slush otherwise authorizes or requires, you must operate and advertise your Store only under the name "Wicked Slush ___" with the blank referring to the location or similar identification of the store, e.g. Wicked Slush Novato, Wicked Slush Napa, etc. Franchisee must use all Proprietary Marks without prefix or suffix. You may not use the Proprietary Marks as part of your corporate or other legal name. During the term of the Franchise Agreement and any renewal or extension, you must identify yourself as the owner of your franchised business in conjunction with your use of the Proprietary Marks whenever you use the Proprietary Marks, including on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, and on the display of all notices.

You may not use the Proprietary Marks to incur any obligation or indebtedness on Wicked Slush's behalf. You must comply with Wicked Slush's instructions in filing any requisite trade name or fictitious name registrations. You must sign all documents that Wicked Slush deems necessary to protect the Proprietary Marks or to maintain their continued validity and

enforceability. You must not, directly or indirectly, contest Wicked Slush's ownership of the Proprietary Marks. You may not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device likely to cause confusion with any of the Proprietary Marks.
Any goodwill associated with the Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures, directly and exclusively to Wicked Slush and its affiliates' benefit.

Notification in the Event of Unauthorized Use

You must notify Wicked Slush of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to the trademark owner's ownership of Wicked Slush's right to use and to license others to use, or your right to use, the Proprietary Marks. Wicked Slush has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of such administrative proceeding or litigation. Wicked Slush has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

Indemnification for Claims of Arising Use of Proprietary Marks

Wicked Slush will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If Wicked Slush, in its sole discretion, determines that you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of such defense, including the cost of any judgment or settlement, must be paid by Wicked Slush. If Wicked Slush, in its sole discretion, determines that you have not used the Proprietary Marks in accordance with the Franchise Agreements, the cost of such defense, including the cost of any judgment or settlement, must be paid by you.

Except as described in this paragraph, Wicked Slush will defend you at your expense against such third-party claims, suits, or demands. In the event of any litigation relating to your use of the Proprietary Marks, you must sign any and all documents and do all acts as may, in Wicked Slush's opinion, be necessary to carry out a defense or prosecution, including becoming a party to the legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreements, Wicked Slush will reimburse you for your out-of-pocket costs in doing such acts. Wicked Slush reserves the rights to substitute different Proprietary Marks for use in identifying the Wicked Slush System and the businesses operating under the Wicked Slush System if Wicked Slush's current Proprietary Marks can no longer be used, whether as a result of a proceeding, settlement of for any other reason, or if Wicked Slush determines that substitution of different Proprietary Marks will be beneficial to the Wicked Slush System. You must comply with any such substitution at your sole cost and expense.

Item 14. **Patent, Copyrights and Proprietary Information.**

Patents and Copyrights

The Franchisor does not own rights in, or licenses to, patents or copyrights that are material to the franchise. The Franchisor does not have any pending patents or copyright applications that are material the Franchise. No patents or patent applications are material to the franchised business.

Wicked Slush claims common law protection and copyrights for many aspects of the franchised business, including, without limitation, its manuals, advertising and promotional materials, its training materials and programs, its menu boards and menus, and its websites. Wicked Slush has not registered these copyrights with the United States Copyright Office but need not do so at this time to protect them.

The Franchisor does claim proprietary rights in the trade secrets surrounding the slush formula used to make the slush offered for sale by the franchise. The Franchisor considers the slush formula/recipe to be a trade secret.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. Wicked Slush does not know of any superior prior rights or infringing uses that could materially affect your use of Wicked Slush copyrighted materials.

Manuals

You must operate your franchised business according to the strict standards, methods, policies and procedures specified by Wicked Slush in its manuals. Wicked Slush may revise the contents of its manuals and you must comply with each new or changed standard, at your own expense. You must make sure that the manuals are kept current at all times. If there is any dispute as to the contents of the manuals, the terms of the master copy maintained by Wicked Slush at its corporate office will be controlling.

The manuals will remain Wicked Slush's sole property and must be kept in a secure place at your Store.

Confidential Information

You must treat the confidential information as confidential and use all reasonable efforts to maintain this information as secret and confidential.

You may never during the term, including any renewal, of the Franchise Agreement, or after the Franchise Agreement expires or terminated, reveal any of Wicked Slush's confidential information to another person or entity, or use Wicked Slush's confidential information for the benefit of any other person or entity. You may not copy any of Wicked Slush's confidential information, except as Wicked Slush may authorize. You may only use the manuals and Wicked Slush's confidential information as described in the Franchise Agreement. You may only divulge confidential information to those of your staff and personnel who must have access to it to operate your Store.

Any and all information, knowledge, know-how, techniques and data that Wicked Slush designates as confidential will be deemed confidential for purposes of your Franchise Agreement. Examples of confidential information include, without limitation: (1) site selection, construction plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) Wicked Slush Bases, recipes, ingredients and food preparation techniques; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain products, ingredients, materials, equipment and supplies; (5) knowledge of the operating results and financial performance of other Wicked Slush stores; (6) the manuals; (7) training materials and programs; (8) customer data; and (9) all password-protected portions of Wicked Slush's website, intranets and extranets and the information they contain (including the email addresses of System franchisees).

You must require your owners, officers, directors, managers and any personnel having access to any of our confidential information to sign a confidentiality agreement in which these individuals agree to maintain the confidentiality of information regarding the System that they receive in the course of their employment or affiliation with your Store. The agreement must be in a form satisfactory to Wicked Slush, including specific identification of Wicked Slush as a third-party beneficiary of the non-disclosure covenants, with the independent right to enforce them. Wicked Slush's right to review and approve any confidentiality agreement is solely to ensure that you adequately protect the Confidential Information. Under no circumstances will Wicked Slush control the forms or terms of employment agreements you use with your employees or otherwise be responsible for your labor relations or employment practices.

Customer Information

Wicked Slush will own all business records with respect to customers of your Store, including any databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other similar records that you create and maintain in connection with the operation of your Store. At all times during and after the termination or expiration of your franchise agreement, Wicked Slush may access such business records and may utilize, transfer or analyze such records as Wicked Slush determines, in its sole discretion, to be in the best interest of the System. You must install and maintain security measures and devices necessary to protect the customer data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any customers. You have the right to use the customer data only in connection with the Store, while the Franchise Agreement is in effect. If you transfer your franchised business to a new owner, who will continue to operate the Store under an agreement with Wicked Slush, you may transfer the customer data to the new owner as part of the going concern value of the business.

Continued on Next Page

Work Made for Hire

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

Item 15. Obligation to Participate in Actual Operation of Franchise Business.

While the Franchisor does not require personal participation in the direct operation of the franchise, the Franchisor recommends that the Franchisee be involved as much as possible to understand the client base, needs of the customer, build a rapport with the employees and have oversight to the Wicked Slush location. Franchisees that do not devote their full time to the establishment, operation, and supervision of their Stores, may have lower sales, higher costs, and less name recognition.

If the Franchisee is not going to be personally on premises, Franchisor requires that a on-premises supervisor be present at the Franchise location. It is required that the on-site supervisor attend the Wicked Slush training program. It is the Franchisor's hope that the Franchisee would want to employ on-site supervisor who is extremely familiar with the Wicked Slush Systems. The Franchisee must ensure that the on-site supervisor is aware and protects Wicked Slush trade secrets, such as proprietary products and recipes and must enter into confidentiality and nondisclosure agreements in a form required by Wicked Slush, upon Wicked Slush's request.

Either you or your manager must devote full-time energy and best efforts to the management and operation of the Store including management, supervising employees and assisting guests. Only you, your managerial personnel, or another trained and approved individual, may be involved in the manufacture and production of the Slush or other System products prepared with a base or recipe unless otherwise agreed in writing.

Even if you do not personally supervise the operation of your Store, you must attend and satisfactorily complete Wicked Slush's training program. If the franchisee is not an individual, a principal of the franchisee must attend and satisfactorily complete training. You must furnish your (or your approved manager, if you operate the Store principally through a manager, must furnish his or her) personal full-time attention and best efforts to the management and operation of the Store. You are not (or your manager is not, as applicable) permitted to engage in or be connected with any other business or activity that interferes with the franchised business. You are not restricted as to whom you may hire as a manager for the Store except that your manager must satisfactorily complete our training program.

If you are an individual, your on-site supervisor need not have any equity interest in the franchised business.

You, all owners of the franchised business, and all spouses of you and the owners must sign a personal guaranty, meaning that you are personally, jointly, and severally liable for the obligations of the franchisee under the Franchise Agreement.

Item 16. Restrictions on What the Franchisee May Sell.

You are required to limit your business to the operation of the franchised business, unless the nature of your Store is one of a satellite location as defined in the Franchise Agreement. You may not conduct any other business or activity at the Store without Wicked Slush's written permission. You may only sell products at retail and may not engage in the wholesale or distribution of any product. The Franchisee does not and will not have the right to change the types of authorized goods or services.

You have the obligation to only sell or offer only such menu items, products, and services as Wicked Slush has expressly approved in writing; and must sell or offer all types of menu items, products, and services that Wicked Slush specifies.

The Wicked Slush System includes a designated menu of Slush, ~~food~~ and beverage products and provides specifications for uniformity in preparation and presentation. You may not deviate from Wicked Slush's standards or specifications without Wicked Slush's prior written consent including as to promotional or give-away items.

You must discontinue selling and offering any unapproved menu items, products or services, or any menu items, products or services which Wicked Slush may, in its discretion, disapprove in writing at any time. The Franchise Agreements do not limit Wicked Slush's right to make changes in the types of approved goods. We have the right to add additional approved goods and products that you must offer.

You must participate in Amy's Wicked Slush's gift card program for all Wicked Slush Stores operating under the System, including selling and offering for sale Wicked Slush gift cards which may be redeemed at any Wicked Slush Store for menu items or products, and permitting guests who purchased gift cards from another Wicked Slush Store or Wicked Slush to redeem their gift cards for menu items or products at your Wicked Slush Store.

Under the Franchise Agreements, you agree to use, in the preparation of the Proprietary Products, such Wicked Slush Bases, standards, specifications, and procedures as prescribed by Wicked Slush. The Wicked Slush Bases are essential to the preparation and taste of the Proprietary Products, including the slush and soft serve, served at the Store.

The Wicked Slush Bases are proprietary trade secrets used in the System; and use of such Wicked Slush Base is an essential part of the operation of the Store. You must acquire the Wicked Slush Bases from Wicked Slush or its affiliates as Amy's Wicked Slush may potentially designate or otherwise in writing from time-to-time. Wicked Slush may from time-to-time, expressly approve for sale in writing as specified in the Manual or otherwise, certain other menu items and products prepared by utilizing a Wicked Slush Base.

All Proprietary Products prepared by you from a Wicked Slush Base must be prepared, stored, maintained and served in strict conformity with Wicked Slush standards, specifications and procedures, as Wicked Slush may specify in its manuals or otherwise in writing from time-to-time. Any Proprietary Product for which Wicked Slush standards, specifications and procedures require the use of a Wicked Slush Base, including slush and soft serve, will be prepared solely with a Wicked Slush Base and no other base.

All System products you prepare from a Wicked Slush Base must be served in a quality, flavorful condition. You may not sell or offer for sale any stale or inferior-grade Proprietary Products prepared by you from a Wicked Slush Base. You may use and display only the standard menu format that Wicked Slush provides.

All products sold or offered for sale at the Store must meet Wicked Slush's then-current standards and specifications. You may not install nor permit to be installed, without Wicked Slush's prior written approval, any vending machine, game or similar coin-operated device, any pay telephones, newspaper racks, concession stands, jukeboxes, gum machines, games, rides or coin vending machines. You may not sell, offer for sale or permit any other party to sell or offer to sell alcoholic or intoxicating beverages or products in connection with the franchised business, and, except as otherwise permitted by Amy's Wicked Slush in writing, must refrain from selling or distributing to any other Amy's Wicked Slush franchisee any products to be sold from the Store.

To the extent allowed by applicable law, Wicked Slush may periodically set the maximum and minimum price that you may charge for services and products. You must promptly comply with such pricing changes.

Item 17. Renewal, Termination, Transfer, and Dispute Resolution.

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of franchise term	2.1	10 years (if this is your initial agreement). If you are in the process of entering into a renewal franchise agreement for a successor/renewal term, the term will correspond to what your existing agreement says for the renewal term.
b. Renewal or Extension of the term	2.2.	One additional 10-year term if certain conditions are met.
c. Requirements for franchisee to renew or extend*	2.2.1– 2.2.9; 2.3	You notify Wicked Slush; you renovate; you are not in default of any agreement with Wicked Slush; you do not owe any money to Wicked Slush, or principals; you have the right to maintain possession of the Approved Location for the duration of the renewal term; you sign a new franchise agreement, which may contain materially different terms than your initial franchise agreement, such as different fee requirements and territorial rights; you sign a general release; you qualify and complete training; and you pay a renewal fee.
d. Termination by franchisee	15.1	You must give us 90 days' written notice to cure any default within 60 days of the event or circumstances giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach.
e. Termination by franchisor without cause	N/A	N/A
f. Termination by franchisor with cause	15.4	Wicked Slush has the right to terminate with cause.

g. "Cause" defined – curable defaults	15.4.1-15.4.7	You have 14 days to cure: Non-compliance with Franchise Agreement; non-payment of monies; non-submission of reports; failure to maintain prescribed specifications, standards or procedures; failure to obtain Wicked Slush's required prior approval or consent; actions inconsistent with or contrary to your lease; product and service quality, and sanitation problems; loss of certificates or license; using confusingly similar names or marks; and others.
h. "Cause" defined – non-curable defaults	15.2; 15.3	Non-curable defaults include: Insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open; failure to complete training; abandonment; loss of premises; conviction of crimes or you commit any criminal acts; health or safety dangers; unapproved transfers; approved transfer not timely effected; failure to comply with covenant provisions; disclose confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure default; repeated defaults even if cured; two or more defaults in any 12 month period; default under other agreement or promissory note with Wicked Slush; or you misrepresent yourself in any way in connection with your franchise application.
i. Franchisee's obligations on termination/non-renewal	16	Obligations include: Cease operations of the Store; assignment of right to possess premises; payment of amounts due to Wicked Slush; return manuals and all other confidential information; sale to Wicked Slush of the inventory, furnishings, equipment, signs, fixtures, stationery, letterhead, forms, packaging and advertising materials which Wicked Slush desires to purchase; compliance with post termination covenants, including covenant not to compete; and others.
j. Assignment of contract by franchisor	14.1	No restrictions on Wicked Slush's right to transfer or assign.
k. "Transfer" by franchisee – defined	14.2	Includes transfer of contract or assets, or ownership change.

l. Franchisor approval of transfer by franchisee	14.2	Wicked Slush must approve all transfers.
m. Conditions for franchisor approval	14.3	Conditions include: Timely written notification to Wicked Slush of proposed transfer; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with Wicked Slush or its transferor signs general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets Wicked Slush's qualifications; transferee signs new franchise agreement; transferor refurbishes the Store; you remain liable for all of the obligations to Wicked Slush which arose before the transfer and which extend beyond the term of the Franchise Agreement, and that you sign all instruments which Wicked Slush reasonably requests to evidence such liability; transferee completes training; you pay a transfer fee; Wicked Slush has been offered right to assume controlling interest of transferor; and others.
n. Franchisor's right of first refusal to acquire franchisee's business	14.5	Wicked Slush has right of first refusal to acquire any proposed transfer of interest.
o. Franchisor's option to purchase franchisee's business	16.4; 16.8-16.9	Wicked Slush has the right to purchase franchisee's business.
p. Death or disability of franchisee	14.7	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in your legal entity, or in substantially all of the assets of your Store, an approved transfer must occur within 9 months.
q. Non-competition covenants during the term of the franchise	N/A	N/A
r. Non-competition covenants after the franchise is terminated or expires	N/A	N/A
s. Modification of the agreement	23	All amendments, changes or variances from the Franchise Agreement must be in writing.

t. Integration/merger clause	23	The Franchise Agreement and all referenced and attached documents constitute the entire, full and complete agreement between the parties (subject to state law). Nothing in the Franchise Agreement is intended to disclaim the representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	25.3; 25.4	Disputes and claims relating to the Franchise Agreement will be settled by arbitration at the American Arbitration Association or JAMS in the city closest to our corporate headquarters, currently Healdsburg, California (subject to state law).
v. Choice of forum	25.2	State of California, Superior Court of County of Sonoma or the United States District Court for the Northern District of California.
w. Choice of law	25.1	California law applies, subject to state law.

*17(c) – The Franchisee's renewal of the franchise may require Franchisee's to sign a contract with materially different terms and conditions than their original contract.

Item 18. **Public Figures.**

The Franchise is not associated with any public figures at this time. As such, there is no special consideration to any public figure.

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 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.

Below is a breakdown of the product mix for the Amy's Wicked Slush located in Healdsburg, California. The summary is for fiscal year end of ~~2021~~ 2022.

Wicked Slush Product Mix
~~2021~~-2022

Category	Gross Sales	Percentage
Food & Beverage	~~$95,313~~-$31,915	~~9.7%~~ 3.3%
Slush	~~$227,085~~ $282,157	~~23.08%~~ 29%
Soft Serve	~~$213,503~~ $230,855	~~21.70%~~ 23.72%
Split	~~$440,588~~ $421,356	~~44.79%~~ 43.3%
Wicked Gear	~~$2,172~~ $1,528	< 1%
Other (Gift Cards, Delivery Fees)	~~$5,095~~-$5,448	<1%

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

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

Other than the preceding financial performance representation, 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 AMY COVIN, the Federal Trade Commission, and the appropriate state regulatory agencies.

Amy Covin can be reached at:
13840 Healdsburg Avenue
Healdsburg, CA 95448
(707) 327-6669

Item 20. (Table No. 1) **Outlets and Franchisee Information.**

Table No. 1

Systemwide Outlet Summary

For years ~~2019~~ 2020 to ~~2021~~ 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2019~~	~~0~~	~~0~~	~~0~~
	2020	0	0	0
	2021	0	1	+1
	2022	1	2	+1
Company-Owned	~~2019~~	~~1~~	~~1~~	~~0~~
	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	~~2019~~	~~1~~	~~2*~~	~~+1~~
	2020	2	2	0
	2021	2	3	+1
	2022	3	3*	0

~~*Amy's Wicked Slush entered into a licensing agreement with a location in Petaluma, California in the late Spring of 2019. That location is not Company Owned and is not subject to any Franchise Agreement. The Petaluma location continues to be in operation and is currently negotiating entering into a Franchise Agreement with Amy's Wicked Slush. Amy's Wicked Slush opened a "pop-up" location in Cloverdale, California in the Spring of 2019 with the intent to keep open only for the summer of 2019. At the conclusion of the Summer of 2019, the Cloverdale location was closed. Amy's Wicked Slush opened another outlet in Ukiah, California under a licensing arrangement. The relationship lasted just three months as a dispute between the parties resulted in cancellation of the agreement. Amy's Wicked Slush has since ceased operation at the Ukiah location.~~

*Amy's Wicked Slush entered into a licensing agreement with a location in Petaluma, California in the late Spring of 2019. That location was not Company Owned and was not subject to any Franchise Agreement. The Petaluma licensing agreement was terminated in September 2022 and has ceased operation.

Item 20. (Table No. 2) **<u>Outlets and Franchisee Information.</u>**

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)

For years ~~2019~~ 2020 to ~~2021~~ 2022

State	Year	Number of Transfers
California	2022	0
	2021	0
	2020	0
	~~2019~~	~~0~~
Total	2022	0
	2021	0
	2020	0
	~~2019~~	~~0~~

Item 20. (Table No. 3) **Outlets and Franchisee Information.**

Table No. 3

Status of Franchised Outlets

For years ~~2019~~ 2020 to ~~2021~~ 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
CA	~~2019~~	~~1~~	~~3*~~	~~1*~~	~~0~~	~~0~~	~~1~~	~~1*~~
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	1*	2
Totals	~~2019~~	~~1~~	~~3*~~	~~1*~~	~~0~~	~~0~~	~~1~~	~~1*~~
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	1*	2

~~*Amy's Wicked Slush entered into a licensing agreement with a location in Petaluma, California in the late Spring of 2019. That location is not Company Owned and is not subject to any Franchise Agreement. The Petaluma location continues to be in operation and is currently negotiating entering into a Franchise Agreement with Amy's Wicked Slush. As such, we are factoring that into the number of Total Outlets. Amy's Wicked Slush opened a "pop-up" location in Cloverdale, California in the Spring of 2019 with the intent to keep open only for the summer of 2019. At the conclusion of the Summer of 2019, the Cloverdale location was closed. Amy's Wicked Slush opened another outlet in Ukiah, California under a licensing arrangement. The relationship lasted just three months as a dispute between the parties resulted in cancellation of the agreement. Amy's Wicked Slush has since ceased operation at the Ukiah location.~~

*Amy's Wicked Slush entered into a licensing agreement with a location in Petaluma, California in the late Spring of 2019. That location was not Company Owned and was not subject to any Franchise Agreement. The Petaluma licensing agreement was terminated in September 2022 and has ceased operation.

Item 20. (Table No. 4) **Outlets and Franchisee Information.**

Table No. 4

Status of Company-Owned Outlets

For years ~~2019~~ 2020 to ~~2021~~ 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	~~2019~~	~~1~~	~~1*~~	~~0~~	~~1*~~	~~0~~	~~1*~~
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	~~2019~~	~~1~~	~~1*~~	~~0~~	~~1*~~	~~0~~	~~1*~~
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

~~* Amy's Wicked Slush opened a "pop-up" location in Cloverdale, California in the Spring of 2019 with the intent to keep open only for the summer of 2019. At the conclusion of the Summer of 2019, the Cloverdale location was closed.~~

Item 20. (Table No. 5) **Projected Franchise Openings.**

Table No. 5

Projected Openings As of September 30, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
CA	0	0	0
Total	0	0	0

Item 21. **Financial Statements.**

Attached as Exhibit B are the Audited Financial Statements as of September 30, 2022 and September 30, 2021 prepared by Dillwood, Burkel & Millar, LLP, 175 Concourse Boulevard, Suite A, Santa Rosa, CA 95403, and Reviewed Financial Statements as of September 30, 2020 and September 30, 2019 prepared by Goranson and Associates, Inc., 717 College Avenue, First Floor, Santa Rosa, CA 95404. Our fiscal year ends on September 30th.

The financial records dated prior to 2020 state that the company's name is Wicked Slush, Inc. which was the previous name of the corporation. On December 1, 2019 the corporation filed an amendment to its Articles of Incorporation with the California Secretary of State effectively changing its corporate name to Amy's Wicked Slush, Inc.

Item 22. Contracts

Attached to this disclosure document are the following agreements that you may be required to sign:

Exhibit A Amy's Wicked Slush Franchise Agreement (with Exhibits A – D)

Exhibit C Confidentiality Agreement for Operations Manual

Item 23. <u>Receipts.</u>

The last two pages of this disclosure document contain a receipt, in duplicate. The receipt is an acknowledgement that you have received this franchise disclosure document. Both receipts should be signed, and one copy should be returned to the Franchisor by mailing the receipt to Amy's Wicked Slush, Inc. at 13840 Healdsburg Ave, Healdsburg CA 95448 or emailing the receipt to Amy@wickedslush.com.

Exhibit A

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Franchise") made this ____ day of ___________ for the operation of a Amy's Wicked Slush partner store located at ______________________________ ("the Store") by and between:

AMY'S WICKED SLUSH, INC.
A California company,
("Amy's Wicked Slush")

and

____

(collectively "Franchisee")

for the purpose of granting the Franchisee the rights necessary to operate the Store. In consideration of the mutual rights and obligations contained herein Amy's Wicked Slush and Franchisee Agree as follows:

(Remainder of Page Intentionally Left Blank)

AMY'S WICKED SLUSH, INC.
FRANCHISE AGREEMENT

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AMY'S WICKED SLUSH, INC.
FRANCHISE AGREEMENT

This Franchise Agreement (hereafter referred to as the "Agreement") dated, made and entered into this _____day of _______________, 202__ (hereafter referred to as the "Effective Date") by and between Amy's Wicked Slush, Inc., a California corporation, (hereafter "Wicked Slush" or the "Company") with its principal place of business at 13840 Healdsburg Avenue, Healdsburg, California and____

WHEREAS, the Company has developed and maintains a unique and proprietary methodology and system (hereafter the "Wicked Slush System" or the "System") relating to the establishment and operation of Amy's Wicked Slush stores, which offer for sale on a consumer retail basis, slush, and soft serve ice cream~~, Boston dogs, meatball sandwiches, chili and clam chowder~~ under the trade name Amy's Wicked Slush;

WHEREAS, the System is unique and proprietary due to its design, appearance, specifications, procedures for operations, quality of products and services such as slush bases, methods of preparation and employee training, among other things, all of which may be improved, altered and further developed by the Company from time to time in the best interests of the Company;

WHEREAS, the Company identifies the System by certain trade names, service marks, trademarks, logos and emblems as are now designated and may hereinafter be designated by the Company in writing for use in connection with the System (the "Proprietary Marks"). The Company continues to develop and use Proprietary Marks in order to establish its identity to the public, whether it be the Company's services and/or products.

WHEREAS, the Company has developed unique formulas and methods for slush, soft serve ice cream and other food products pursuant to unique and original formulas, trade secrets, quality standards, and specifications prepared from proprietary and/or approved bases at Wicked Slush stores (collectively, the "Proprietary Products"); and

WHEREAS, Franchisee desires to enter into the business of operating a Wicked Slush store in a location under the Company's System and Proprietary Marks (the "Wicked Slush Store" or "Franchised Business"). Franchisee understands the necessity of operating the business franchised hereunder in conformity with this Agreement and with the Company's standards and specifications; and has read this Agreement and the Company's Franchise Disclosure Document and understands and accepts the terms, conditions and covenants contained herein.

IN CONSIDERATION of the mutual covenants and commitments herein, the Company and the Franchisee agree as follows:

1. GRANT

1.1 **<u>Grant of Franchise.</u>** The Company hereby grants to Franchisee under the express terms and conditions stated herein, the rights, privileges and franchise, and Franchisee undertakes the obligation, to establish and operate a Wicked Slush Store, and the right to use in the operation of the Wicked Slush Store the Proprietary Marks and the System, only at the location set forth on the data sheet which is attached as Exhibit B hereto (the "Data Sheet"). Franchisee recognizes that variations, modifications, additions and changes to the System and Proprietary Marks may be required, from time to time, in order to preserve or enhance the System. Franchisee agrees to promptly accept and comply with any such variation, modification, addition or change(s) to the System and/or Proprietary Marks, at Franchisee's sole expense.

If Franchisee should fail to develop the Wicked Slush Store in the time-frame established by the Development Schedule, the Company has the right to terminate the territorial protection granted to you.

1.2 Approved Location. Franchisee understands and agrees that rights and privileges that are granted to Franchisee are for the operation of a Store at a specific location and cannot be transferred to an alternative location without the Company's prior written consent. The exact street address of the location authorized and approved hereunder for the operation of the Wicked Slush Store is set forth in the Data Sheet (the "Approved Location"). If the Approved Location is not known as of the Effective Date, Franchisee shall lease or acquire a location, subject to the Company's approval, pursuant to the terms of the Site Selection Addendum attached as Exhibit C hereto. Franchisee shall not relocate the Wicked Slush Store without obtaining the prior written consent of the Company. Upon the Company's approval of a site for the Franchised Business, the Approved Location and Franchisee's Territory shall be added to the Data Sheet.

In addition to operating in its approved location, the Franchisee is granted the right to conduct mobile ~~or kiosk sales~~ operations (such as deliveries, dine and donate events, etc.) within its protected territory.

1.3 Territory. Franchisee will be granted a protected territory. The Territory granted will depend on whether the franchise is a single-unit location or a satellite location. A single-unit location is defined as a franchise which exclusively sells and markets Amy's Wicked Slush products. A satellite location is defined as a franchise which offers for sale other products in addition to Amy's Wicked Slush and provides only a select or limited menu.

A Franchisee shall not open a franchise location within a 5-mile radius of other single-unit locations or within a 2-mile radius of a satellite location, unless the customer base of each store is determined to be substantially mutually exclusive. However, a Franchisee may open subsequent stores within a 2-mile radius of its original store and may open multiple franchise locations, subject to the approval of the Franchisor. The Franchisee may not conduct mobile or kiosk sales outside of its Territory without the prior written consent of the Company. The exclusive nature of the territory is not dependent on the sales of the Franchise. The Franchisee will not be able to amend the territorial exclusivity, except as stated above. Except as otherwise provided in this Agreement, the Company shall not, during the term of this Agreement, establish and operate, nor license any party other than Franchisee to establish and operate, any Wicked Slush Store under the System and the Proprietary Marks within the area set forth in the Data Sheet attached as Exhibit B (the "Franchisee's Territory"); provided, however, that Franchisee acknowledges and agrees that the Company retains the rights, among others:

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

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

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

1.4 **Alternate Channels of Distribution.** Franchisee acknowledges and agrees that certain of the Company's or its affiliates' products, including but not limited to, the Proprietary Products, whether now existing or developed in the future, may be distributed in the Franchisee's Territory by the Company, the Company's affiliates, or the Company's licensees or designees, in such manner and through such channels of distribution other than through Wicked Slush Stores as the Company, in its sole discretion, shall determine, including, but not limited to, supermarkets, convenience stores, markets, grocery stores, machines, variety stores, electronic distributions via computer networks (including, without limitation, the Internet and/or other on-line networks); catalogs; direct mail; and other communications methods now or hereafter devised of any nature whatsoever. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Franchisee understands that this Agreement grants Franchisee no rights (1) to distribute such products through such channels of distribution as described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.

1.5 **Rights Limited to Retail Sale.** The rights granted to Franchisee hereunder shall only include the right to sell the menu items of the Wicked Slush Store from the Approved Location or mobile operation to retail guests for actual consumption on the Wicked Slush Store premises or for personal carry-out consumption. The rights granted to Franchisee hereunder shall specifically exclude, among others, any right to sell any product for resale; to sell any product at or from any place except the Approved Location or mobile operation; and to prepare any product at any place, or deliver any product from any place, other than at or from the Approved Location or mobile operation.

2. TERM AND RENEWAL

2.1 Term. This Agreement shall commence upon its acceptance and execution by the Company and shall expire ten (10) years from the date of opening of the Wicked Slush Store (the "Term"), except as otherwise provided herein. Consistent with the Term of this Agreement.

2.2 Renewal. Franchisee may, subject to the following conditions, renew this Agreement for one (1) additional, consecutive term of ten (10) years. Franchisee's right to renew shall be specifically subject to the following conditions, all of which must be satisfied prior to the time when Franchisee shall have the right to exercise its right to renew:

2.2.1 Franchisee shall give the Company written notice of Franchisee's election to renew not less than seven (7) months nor more than ten (10) months prior to the end of the then-current term;

2.2.2 Franchisee shall provide for renovation and modernization of the Wicked Slush Store, to be satisfactory to Company, its signs and equipment and effectuate and incorporate any changes in products, services or the System in accordance with the Company's then-current standards, practices and image of the System. If Franchisee's Wicked Slush Store is operated seasonally and the term of this Agreement is due to expire when the Wicked Slush Store is open for the season, then all such renovations and modernizations shall be completed after the Wicked Slush Store has closed for the prior season and before the re-opening of the Wicked Slush Store for the final season of the then-current term. The Company may require Franchisee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such renovation and modernization as determined by the Company, to be held by the Company or a third party approved by the Company until the Wicked Slush Store has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

2.2.3 Franchisee shall not be or have been in default at any time during the initial term, in any material respect, of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee (or, if Franchisee is a corporation, its officers, directors, or shareholders; or, if Franchisee is a partnership, its partners; or if Franchisee is a limited liability company, its members or managers) or its affiliates and the Company, its affiliates, or any principal of the Company or its affiliates;

2.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee, or its officers, directors, shareholders, partners, members, managers and affiliates to the Company, its affiliates, and any principal of the Company or its affiliates, under this and any other agreement between them and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 Franchisee shall present evidence satisfactory to the Company that Franchisee has the right to remain in possession of the Approved Location for the duration of the renewal term or shall obtain the Company's approval of a new location for the Wicked Slush Store for the duration of the renewal term;

2.2.6 Franchisee shall, at the Company's option, execute the Company's then-current form of renewal franchise agreement which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including a higher royalty fee and advertising contribution;

2.2.7 Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents, and employees;

2.2.8 Franchisee shall comply with the Company's then-current qualification and training requirements; and

2.2.9 Franchisee shall pay the Company a renewal fee in an amount equal to fifty percent (50%) of the then-current initial franchise fee being charged generally for a single Wicked Slush store.

2.3 **Failure to Renew.** Franchisee's failure to deliver the executed renewal franchise agreement (including the personal guarantee) and release required by Section 2.2 above, within 30 days after the Company delivers them to Franchisee for execution may be deemed, in the sole discretion of the Company, an election by Franchisee not to renew.

2.4 **Extension of Initial Term.** If the Company is in the process of revising, amending or renewing its Franchise Disclosure Document or registration to sell franchises in the state where the Store is located, the Company may, in its sole discretion, offer to extend the terms and conditions of this Agreement on a calendar-month-to-calendar-month basis, following the expiration of the Term.

3. DUTIES OF THE COMPANY

3.1 **Plans and Specifications.** The Company shall make available, at no charge to Franchisee, the Company's standard plans and specifications for a prototypical Wicked Slush store, including exterior and interior design and layout, fixtures, furnishings, and signs. Franchisee acknowledges that such plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities).

3.2 **Training.** The Company shall provide training as set forth in Section 6 of this Agreement.

3.3 Pre-Opening Assistance. The Company shall provide such on-site pre-opening and, opening supervision and assistance as the Company deems advisable.

3.4 Advertising and Promotional Material. The Company shall provide to Franchisee from time to time advertising plans and promotional materials, including newspaper mats, coupons, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials.

3.5 Proprietary Products. The Company shall make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, certain ingredients required for Franchisee's preparation of certain Proprietary Products. The Company shall make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, the Wicked Slush Base for slushes, soft serve ice cream mix; and ingredients for such other menu items as the Company may designate from time to time (collectively, "Wicked Slush Bases"). The Company has the right, from time to time, to require for sale, as specified in the Manuals or otherwise in writing, various menu items and products and services other than the Proprietary Products ("Additional Products").

3.6 Manuals. The Company shall provide Franchisee with Operation Manuals (the "Manuals") for Franchisee's use during the term of this Agreement only. During the term of this Agreement, the Company will provide Franchisee with modifications, additions and deletions to the Manuals from time to time in the manner determined by the Company. A paper copy of the Manuals may be supplied upon written request.

3.7 Assistance. The Company shall provide to Franchisee from time to time, as the Company deems appropriate, advice and written materials concerning techniques of managing and operating the Wicked Slush Store, including, but not limited to, required and suggested inventory and sales methods, new developments and improvements in Franchised Business layout and design, and new developments in products and marketing techniques.

3.8 Inspections. The Company shall conduct from time to time such inspections of Franchisee's operation of the Wicked Slush Store as it deems advisable. The Company reserves the right, from time to time, without prior notice to Franchisee, to, through itself, a designee or through a third party secret shopping service, evaluate the operation and quality of the Store, including such things as product quality, customer service, cleanliness, franchise compliance and proper use of computers and registers. The Company may, at its sole discretion, make the results of any such evaluation available to Franchisee.

3.9 Advertising Fund. The Company shall have the right, without the obligation, to establish and administer an advertising fund in the manner set forth in Section 12 hereof.

3.10 Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on the Company by this Agreement may be performed by any designee, employee, or agent of the Company, as the Company may direct.

4. FEES

4.1 **Initial Franchise Fee.** In consideration of the franchise granted herein, Franchisee shall pay to the Company an initial franchise fee of Thirty Thousand Dollars ($30,000) upon the Franchisor completing its pre-opening obligations and the Franchisee opening for business. Upon payment of the Initial Franchise Fee, the fee shall be deemed fully earned and nonrefundable, in consideration of the administrative and other expenses incurred by the Company in entering into this Agreement and for the Company's lost or deferred opportunity to enter into this Agreement with others.

4.2 **Royalty Fee.** During the term of this Agreement, Franchisee shall pay the Company a continuing Royalty Fee of 6% on Gross Sales of the Wicked Slush Store. The 6% Royalty Fee will be charged based on reported Gross Sales of the Store. The Franchisee will be invoiced, on a monthly basis, an amount equal to 6% of the Gross Sales reported by the Store for the preceding month. All payments must be made by electronic funds transfer.

4.3 **Advertising Expenditures and Contributions.** Franchisee shall make monthly expenditures and contributions for advertising and promotion as specified in Section 12 hereof.

4.4 **"Gross Sales" Defined.** As used in this Agreement the term "Gross Sales" is defined in the Franchise Agreement as all revenue from the sale of all products and services and all other income of every kind and nature (including, but not limited to, cash, services, from barter and/or exchange, on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses) "Gross Sales" does not include (a) any sales taxes or other taxes collected from guests and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold.

4.5 **Interest on Overdue Payments.** All payments shall be timely delivered to the Company or its affiliates together with any reports or statements required under Section 11 hereof. Any payment or report not actually received by the Company on or before the date due shall be deemed overdue. If any payment is overdue, Franchisee shall pay the Company, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, together with reasonable attorneys' fees, costs of collection and costs of filing a lawsuit. In addition, if any monthly report required by Section 11.3.1 below is not received when due, all payments owed by Franchisee for such month shall be deemed overdue until such reports are received by the Company, regardless of whether payment was actually made, and Franchisee shall be responsible for applicable interest as described in this Paragraph 4.5. Credits for payments made will be applied once reports are received. Entitlement to such interest shall be in addition to any other remedies the Company may have under this Agreement, at law or in equity. Franchisee shall not be entitled to set-off any payments required to be made under this Agreement against any monetary claim Franchisee may have against the Company. The Company reserves the right to require that payments to the Company or its affiliates be made by electronic fund transfer, as provided in Section 4.6 herein.

4.6 **Electronic Funds Transfer.** If the Company designates that payments required under Sections 4, 7, and 12 hereof be made by electronic fund transfer, Franchisee shall deposit into one bank account and maintain sufficient revenue to cover payments due to the Company and its affiliates. Franchisee shall furnish to the Company, upon the Company's request, such bank and account number, a voided check from such bank account, and written authorization for the Company to withdraw funds from such bank account via electronic funds transfer without further consent or authorization for Franchisee's payments to the Company and its affiliates under this Agreement.

5. OPENING OF FRANCHISED BUSINESS; RELOCATION

5.1 **Opening.** Franchisee shall commence operation of the Wicked Slush Store not later than nine (9) months after the date of execution of this Agreement. Franchisee's failure to open the Wicked Slush Store within this time period shall be considered a material breach and default under this Agreement and will entitle the Company to terminate this Agreement pursuant to Section 15 hereof.

5.2 **Renovation and Construction.** Franchisee acknowledges that the improvements, layout, fixtures, equipment, equipment layout, trade dress, design, decoration and color scheme of a Wicked Slush Store are an integral part of the System. Accordingly, Franchisee shall construct and equip the Store in accordance with the Company's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee shall renovate or construct, and equip the Wicked Slush Store at Franchisee's own expense. Before commencing any renovation or construction of the Wicked Slush Store, Franchisee, at its expense, shall employ a qualified architect or engineer, if required by law, to prepare preliminary and final architectural and engineering drawings and specifications of the Franchised Business in accordance with the Company's standard plans and specifications. Such preliminary and final drawings and specifications shall be submitted to the Company for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of the Company. The Company's approval shall not be deemed as an endorsement by the Company of Franchisee's architect or otherwise relate to Franchisee's obligations with respect to any federal, state or local laws, codes or regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Wicked Slush Store, which shall be Franchisee's sole responsibility.

5.3 **Permits and Clearances.** Franchisee shall be responsible, at Franchisee's expense, for conforming the premises to local ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and mall clearances, which may be required by federal, state or local laws, ordinances, or regulations.

5.4 **Pre-Opening Inspection.** Franchisee shall provide at least fourteen (14) days prior notice to the Company of the date on which Franchisee proposes to open the Wicked Slush Store for business. The Company shall have the right, at its option, to inspect, approve, and require changes to, the Wicked Slush Store prior to its opening for business. Franchisee shall not open the Wicked Slush Store without the Company's prior written approval. Prior to opening, Franchisee shall have complied with the Company's opening requirements, which include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to the Company; (ii) the Store must comply with the Company's standards and specifications; (iii) Franchisee and all required personnel must have satisfactorily completed the Company's pre-opening training requirements; (iv) Franchisee must have obtained all applicable licenses and permits required to operate the Store; and (v) Franchisee must have provided the Company with copies of all required insurance policies and evidence of coverage and premium payment. The parties agree that time is of the essence in the opening of the Wicked Slush Store.

5.5 **Relocation.** If Franchisee desires to relocate the Wicked Slush Store, Franchisee shall submit to the Company a written request to approve the proposed new location for the Wicked Slush Store. The Company is not obligated to approve any request for relocation, and the Company may, in its sole discretion, require any or all of the following as conditions of its approval: (a) Franchisee is in compliance with all terms and conditions of this Agreement; (b) Franchisee has the funds available to relocate the Wicked Slush Store and construct a new Wicked Slush Store according to the Company's then-current design standards; (c) Franchisee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as May be provided by this Agreement, the Company's then-current form of franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement; (d) Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents and employees. The Company shall have the right, in its sole discretion, to specify a new Franchisee's Territory, which may be smaller than the Franchisee's Territory provided in this Agreement.

6. TRAINING

6.1 **Initial Training Program.** Prior to the opening of the Wicked Slush Store, Franchisee and at least one other employee of Franchisee approved by the Company must attend and successfully complete to the Company's satisfaction the standard initial training program for Franchisees offered by the Company. If Franchisee is a corporation, partnership or limited liability company, the requirement that Franchisee attend training described in this Section 6.1 shall be deemed to apply to a principal of Franchisee acceptable to the Company.

6.1.1 The Company's standard initial training program shall consist of at least five (5) days of training at the original Amy's Wicked Slush in Healdsburg, California. The standard basic training program will include the preparation of slush, soft serve ice cream, and other products sold at Wicked Slush stores; methods of operation, techniques of doing business, bookkeeping, establishing and maintaining quality standards, guest service, advertising and promotions, security and loss prevention, opening methods and techniques, personnel training (excluding aspects related to labor relations and employment practices), and such other items determined by the Company, in its sole discretion.

6.1.2 At the Company's discretion, any persons subsequently employed by Franchisee in the position of manager shall prior to the assumption of duties also attend and complete to the Company's satisfaction the Company's initial training program for Franchisees.

6.1.3 Franchisee and Franchisee's manager and other employees shall also attend such additional courses, seminars, conventions, and programs as the Company may reasonably require from time to time related to the operation of the Store (excluding aspects related to labor relations and employment practices).

6.1.4 The Company reserves the right to provide any training program through seminars, lectures, classes, Internet-based programs, conference calls, or other methods.

6.2 **Training Details and Expense.** All training shall be conducted at such times, dates and places as the Company designates from time to time in its sole discretion and shall be subject to the availability of the Company's personnel. For the initial training program and all additional courses, the Company shall provide, at no charge to Franchisee, a total of ten (10) days of training and materials to Franchisee or Franchisee's employees during the term of this Agreement. Franchisee and its employees shall be responsible for any and all expenses incurred by them in connection with any such courses, seminars, conventions, and programs, including, without limitation, the costs of accommodations, meals, wages and travel, as well as worker's compensation insurance. The Company reserves the right to charge its then-current training fee for any initial training, or ongoing training.

7. DUTIES OF FRANCHISEE

7.1 **Standard of Operation.** Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, the Company, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchised businesses operating under the System, and to protect the Company's reputation and goodwill. Franchisee further acknowledges that attracting and retaining customers will require Franchisee to maintain a prescribed standard of customer service and to adhere strictly to the System and to System standards.

7.2 **Store Operation.** Franchisee shall use the Wicked Slush Store premises solely for the operation of the business franchised hereunder; shall keep the Wicked Slush Store open and in normal operation for such minimum hours and days as the Company may specify; shall refrain from using or permitting the use of the Wicked Slush Store premises for any other purpose or activity at any time without first obtaining the written consent of the Company, including, without limitation, storing at the premises of the Store any products not authorized by the Company; and shall operate the Wicked Slush Store in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without the Company's prior written consent.

7.3 **Adherence to Standards and Specifications.** To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Wicked Slush Store in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing. Franchisee acknowledges and understands that, in addition to the remedies described in Section 15 of the Agreement, Franchisee may be liable for fees and other costs, as described in the Manuals, if it fails to comply with the standards and methods implemented by Wicked Slush:

7.3.1 To maintain in sufficient supply (as the Company may prescribe in the Manuals or otherwise in writing), and to use at all times, only such Wicked Slush Bases and other products and ingredients acquired from a supplier or suppliers designated by the Company, and such other ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs, and menu items, as conform with the Company's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without the Company's prior written consent.

7.3.2 To sell, give away or offer only such menu items, products, and services as have been expressly approved in writing by the Company; to sell, give away or offer all types of menu items, products, and services specified by the Company; to refrain from any deviation from the Company's standards and specifications without the Company's prior written consent; and to discontinue selling and offering any unapproved menu items, products, or services, or any menu items, products, or services which the Company may, in its discretion, disapprove in writing at any time.

7.3.3 To use, in the preparation of the Proprietary Products, such Wicked Slush Bases, standards, specifications, and procedures as prescribed by the Company. Franchisee acknowledges and agrees that the Wicked Slush Bases are essential to the preparation and taste of the Proprietary Products, including, without limitation, the Slush and soft serve, served at the Wicked Slush Store; that certain of the Wicked Slush Bases are proprietary trade secrets used in the System; and that use of such Wicked Slush Bases is an essential part of the Franchised Business.

7.3.3.1 Franchisee agrees to acquire the Wicked Slush Bases from Wicked Slush and/or such supplier(s) as the Company shall designate or approve in the Manuals or otherwise in writing from time to time. Any purchase of Wicked Slush Bases (and any other items) from the Company or its affiliates shall be at such prices, and on such other terms and conditions, as are contained in the Manuals or as the Company shall specify from time to time in writing. Franchisee shall be responsible for, and pay the cost of, shipment and insurance, if any.

7.3.3.2 Franchisee acknowledges and agrees that the Company may from time to time, expressly approve in writing as specified in the Manuals or otherwise, certain other menu items, and products prepared by utilizing a Wicked Slush Base.

7.3.3.3 Franchisee agrees that all Proprietary Products prepared by Franchisee from a Wicked Slush Base shall be prepared, stored, maintained and served in strict conformity with the Company's standards, specifications and procedures, as the Company may specify in the Manuals or otherwise in writing from time to time. Franchisee acknowledges and agrees that any Proprietary Product for which the Company's standards, specifications and procedures require the use of a Wicked Slush Base, including, without limitation, Slush and soft serve ice cream, shall be prepared solely with a Wicked Slush Base and with no other mix or unauthorized ingredients.

7.3.3.4 Franchisee acknowledges and agrees that all Proprietary Products prepared by Franchisee from a Wicked Slush Base shall be served in a fresh and optimal condition, and no stale or inferior-grade Proprietary Products prepared by Franchisee from a Wicked Slush Base shall be offered for sale or sold by Franchisee. Franchisee acknowledges and agrees that the Company shall have the right to require that any Proprietary Product prepared by Franchisee from a Wicked Slush Base be immediately removed from sale if the Company, during any inspection, reasonably believes the Proprietary Product to be of a stale or inferior-grade. Franchisee agrees immediately to remove, upon the Company's request, such Proprietary Product from sale.

7.3.4 Franchisee shall be required to use menus and menu boards approved by the Company. Franchisee may not use any menu or menu board that is not approved by the Company. Any changes in the menu format must be approved in writing by the Company prior to use.

7.3.5 To refrain from offering or selling any of the menu items, products, or services offered for sale hereunder from catalogs, through mail-order, interactive television, the World Wide Web, the Internet, or other electronic order-placement or entry system, without the Company's prior written consent.

7.3.6 To refrain from installing or permitting to be installed, unless specifically approved in writing, in advance by the Company, any vending machine, game or similar coin-operated device; any pay telephones, newspaper racks, concession stands, jukeboxes, gum machines, games, rides or coin vending machines.

7.3.7 This Section has been intentionally left blank.

7.3.8 To participate in the Company's gift card program for all Wicked Slush stores operating under the System, as prescribed by the Company in the Manuals or otherwise in writing from time to time, including, but not limited to, selling and offering for sale Wicked Slush gift cards which may be redeemed at any Wicked Slush store for menu items or products, and permitting guests who purchased gift cards from another Wicked Slush store or the Company to redeem their gift cards for menu items or products at Franchisee's Wicked Slush Store.

7.3.9 To comply with all reasonable restrictions on maximum prices of specific goods or services to be offered or sold hereunder by Franchisee as required in the Manuals, in any advertising program described in Section 12 hereof, or as otherwise reasonably specified in writing from time to time by the Company.

7.3.10 To accept all major credit cards and other methods of payment from customers, as required by the Company.

7.4 **Fixtures, Furnishings and Equipment.** Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, without limitation, copy machine, telephone, fax, computer and cash register or point-of-sale recording system), credit card processing equipment, decor, and signs as the Company may reasonably direct from time to time; and shall refrain from installing or permitting to be installed on or about the Wicked Slush Store premises, without the Company's prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting the Company's then-current standards and specifications.

7.5 **Approved and Designated Suppliers.** All products sold or offered for sale at the Wicked Slush Store, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Store, shall meet the Company's then-current standards and specifications, as established in the Manuals or otherwise in writing. Franchisee shall purchase all Wicked Slush food items, ingredients, supplies, materials, and other products and equipment used or offered for sale at the Wicked Slush Store for which the Company has established standards or specifications solely from Wicked Slush or suppliers (including manufacturers, distributors, and other sources) which demonstrate, to the continuing reasonable satisfaction of the Company, the ability to meet the Company's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by the Company in the Manuals or otherwise in writing. If Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to the Company a written request to approve the proposed supplier, together with such evidence of conformity with the Company's specifications as the Company may reasonably require. The Company shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to the Company or to an independent testing facility designated by the Company. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. The Company shall use its best efforts, within thirty (30) days after its receipt of such completed request and completion of such evaluation and testing (if required by the Company), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. Franchisee shall not purchase any products from the proposed supplier until the Company's written approval of the proposed supplier is received. The Company may from time to time revoke its approval of particular products or suppliers when the Company determines, in its sole discretion, that such products or suppliers no longer meet the Company's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale, except for the resale of products to another Wicked Slush franchisee for use in operating their Wicked Slush Store. Nothing in the foregoing shall be construed to require the Company to approve any particular supplier, or to require the Company to make available to prospective suppliers, standards and specifications for formulas, including, without limitation, the formulas for the Wicked Slush Bases, that the Company, in its sole discretion, deems confidential.

7.6 **Grand Opening Advertising Requirement.** Prior to the grand opening of the Franchised Business, Franchisee shall conduct, at Franchisee's expense, such pre-opening, promotional and advertising activities as the Company reasonably may require as set forth in Section 12 hereof.

7.7 **Inventory.** At the time the Franchised Business opens, Franchisee shall stock the initial inventory of products, accessories, equipment, inventory and supplies prescribed by the Company in the Manuals or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated guest demand.

7.8 **Permitted Entry and Inspection.** Franchisee shall permit the Company and its agents to enter upon the Wicked Slush Store premises at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of the Company in such inspections by rendering such assistance as they may reasonably request; and, upon notice from the Company or its agents, and without limiting the Company's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by the Company, the Company shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by the Company and to charge Franchisee a reasonable fee for the Company's expenses in so acting, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies the Company may have.

7.9 **Proprietary Marks.** Franchisee shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by the Company bear the Proprietary Marks in the form, color, location, and manner prescribed by the Company.

7.10 **Store Maintenance.** Franchisee shall maintain the Wicked Slush Store premises (including adjacent public areas) in a safe, clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs, and replacements thereto (but no others without the Company's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as the Company may reasonably direct.

7.11 **Refurbishing.** At the Company's request, Franchisee shall refurbish the Wicked Slush Store premises, at its expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new franchised businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements.

7.12 <u>**On-Premises Supervision.**</u> The Wicked Slush Store shall at all times be under the direct, on-premises supervision of Franchisee (or if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee acceptable to the Company) or (if Franchisee or Franchisee's principal will not manage the Wicked Slush Store) an approved manager who has satisfactorily completed the Company's training program. Unless otherwise agreed to in writing by the Company, only Franchisee, Franchisee's manager, or other designated employee (each of whom has satisfactorily completed the Company's training program) shall be involved in the preparation of any Proprietary Product prepared from a Wicked Slush Base. Franchisee shall maintain a competent, conscientious, trained staff, including a fully-trained manager (who may be Franchisee). Franchisee shall take such steps as are necessary to ensure that its employees preserve good guest relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as the Company may establish from time to time in the Manuals. Franchisee and its employees shall handle all guest complaints, refunds, and other adjustments in a manner that will not detract from the name and goodwill of the Company. Franchisee shall take such steps as are necessary to ensure that its employees do not violate the Company's policies relating to the use of Networking Media Websites (as defined in Section 8.10 below), including, but not limited to, prohibiting employees from posting any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Website without the Company's prior written approval. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees. The Company may designate certain System standards to regulate or provide guidance as to the Shop's staffing levels, identifying the Store's management personnel, employee qualifications, dress and appearance. However, Franchisee's employees are under its day-to-day control at the Store. Franchisee must communicate clearly with its employees in its employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that Franchisee (and not the Company) is their employer.

7.13 <u>**Modifications to the System.**</u> Should the Company modify or alter the System during the term of this Agreement, it will notify Franchisee of such modifications and changes in writing and Franchisee shall implement such changes within sixty (60) days of receipt of the Company's notice and instructions.

7.14 <u>**Wicked Slush Advisory Council.**</u> Wicked Slush may establish a Wicked Slush Advisory Council. Upon formation, Franchisee shall participate actively in such Wicked Slush Advisory Council ("Council") as the Company designates and participate in all Council programs approved by the Company. The Company, in its sole discretion, will determine the boundaries of the Council. The purposes of the Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising the Company on expenditures for system-wide advertising, and coordinating franchisee efforts. Franchisees are not currently required to pay an Advisory Council Fee; however, Wicked Slush reserves the right to require franchisees to pay an Advisory Council Fee that Wicked Slush, in its sole discretion, determines and to require franchisees to pay a pro rata share per Franchise Agreement for assessments which may become necessary to accomplish the purpose of the Counsel.

7.15 **No Changes by Franchisee.** Franchisee shall not implement any change, amendment, or improvement to the System without the express prior written consent of the Company. Franchisee shall notify the Company in writing of any change, amendment, or improvement in the System, including, without limitation, suggested new menu items, flavors and recipes, which Franchisee proposes to make, and shall provide to the Company such information as the Company requests regarding the proposed change, amendment, or improvement. Franchisee acknowledges and agrees that the Company shall have the right to incorporate the proposed change, amendment, or improvement into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee.

7.16 **Lease Requirements.** Franchisee shall comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Franchised Business.

7.17 **System Advertising Promotion.** From time to time, the Company may, in its sole discretion, establish special promotional campaigns applicable to the System franchisees as a whole or to specific advertising market areas. Franchisee shall be required to participate in such promotional campaigns, as determined by the Company. If Franchisee participates in any special promotional programs, Franchisee shall use such displays and promotional materials as the Company shall authorize and specify from time to time, and shall coordinate its participation with the Company and other System franchisees as the Company may direct.

7.18 **Gift Card and Customer Loyalty Programs.** Franchisee shall participate in all gift card, discount card, loyalty card and other similar programs required by the Company. Franchisee shall not create or participate in any gift card, discount, loyalty card or other similar programs without the prior written consent of the Company.

7.19 **Market Research; Product Testing.** Franchisee shall fully participate in market research, testing and product and service development programs.

7.20 **Health Standards.** Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Wicked Slush Store. Franchisee shall furnish to the Company, within five (5) days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Wicked Slush Store. Franchisee shall be solely responsible for any penalties or fines assessed for failure to abide by such laws and regulations.

7.21 **Franchisee's Designee.** Franchisee shall designate a principal of Franchisee who will have authority and responsibility to deal with the Company in connection with Franchised Business, who will be the primary contact person for the Company, and who will be available and responsible for communicating with the Company at all times, including, without limitation, during times when the Wicked Slush Store is closed for the season ("Franchisee's Designee"). If Franchisee is an individual, Franchisee shall be Franchisee's Designee. Franchisee shall provide the Company with such personal contact information as the Company requires in the Manuals (including, without limitation, telephone number and e-mail address) for Franchisee's Designee, and shall promptly notify the Company in writing of any changes to the identity or contact information of Franchisee's Designee.

7.22 **Annual Business Meeting.** At Company's discretion, Franchisee and Franchisee's employees may be required to attend an Annual Business Meeting at a location to be determined by Wicked Slush. Franchisee will be responsible for all expenses incurred in connection with attending the Annual Business Meeting, including, without limitation, the costs of accommodations, meals, wages and travel.

7.23 **Pricing.** The Company may exercise rights with respect to the pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which Franchisee may charge customers for the products and/or services offered and sold at the Wicked Slush Store; recommending retail prices; advertising specific retail prices for some or all products or services sold by the Wicked Slush Store, which prices Franchisee will be compelled to observe; engaging in marketing, promotional and related campaigns which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices (such as "buy one, get one free"); and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which the Wicked Slush Store may charge the public for the products and services it offers.

The Company may engage in any such activity either periodically or throughout the term of this Agreement. Further, the Company may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. Franchisee acknowledges and agrees that any maximum, minimum or other prices the Company may prescribe or suggest may or may not optimize the revenues or profitability of Franchisee's business and Franchisee irrevocably waives any and all claims arising from or related to the Company's prescription or suggestion of the Wicked Slush Store's retail prices.

8. PROPRIETARY MARKS AND TECHNOLOGY

8.1 **Representations.** The Company represents with respect to the Proprietary Marks:

8.1.1 The Company has the right to use, and to license others to use the Proprietary Marks; and

8.1.2 The Company has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 **Franchisee's Use of the Marks.** With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by the Company, and shall use them only in the manner authorized and permitted by the Company;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Wicked Slush Store and only at the Approved Location, or in advertising for the business conducted at or from the Approved Location;

8.2.3 Unless otherwise authorized or required by the Company, Franchisee shall operate and advertise the Wicked Slush Store only under the name, "Wicked Slush ___" with the blank referring to the location or similar identification of the store, e.g. Wicked Slush Novato, Wicked Slush Napa, etc. Franchisee shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as the Company may designate in writing;

8.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of the trademark owner's rights and will entitle the Company to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of the Company;

8.2.7 Franchisee shall comply with the Company's instructions in filing any requisite trade name or fictitious name registrations. The only costs to be borne by Franchisee in this respect are the cost and expense of Franchisee's counsel and applicable filing fees. Franchisee shall execute any documents deemed necessary by the Company to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

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

8.2.9 Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.2.10 Franchisee shall not use any of the Proprietary Marks in employment related materials, unless such materials contain a clear disclaimer that Franchisee (and only Franchisee) is the employer of employees at the Store and that the Company is not their employer and does not engage in any employee-type activities, for which only franchisees are responsible, such as employment selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints and working conditions.

8.3 **Acknowledgments.** Franchisee expressly understands and acknowledges that:

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

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System as well as to protect the uniformity of the System;

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

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

8.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of the Company, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licenses or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

8.4 **Non-Exclusive License.** Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and the Company retains the following rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

8.5 **Modification of Proprietary Marks.** The Company reserves the right, in its sole discretion, to modify, add to, discontinue use of or substitute different proprietary marks for use in identifying the System and the Wicked Slush Stores operating hereunder, and Franchisee agrees to use such marks. Franchisee shall bear the costs of modifying Franchisee's signs, menu boards, displays, paper products and advertising materials to conform to the Proprietary Marks designated by the Company. The Company shall have no obligation or liability to Franchisee as a result of such modification, addition, substitution or discontinuance.

8.6 **Computer System and Required Software.**

8.6.1 The Company shall have the right, and may do so in the future, to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, and video, systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; (e) physical, electronic, and other security systems; and (f) credit card processing equipment (collectively, the "Computer System").

8.6.2 The Company shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System, which may include web-based software programs (the "Required Software"), which Franchisee shall install at its expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense; (c) the tangible media upon which Franchisee shall record data; and (d) the database file structure of the Computer System.

8.6.3 At the Company's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software.

The Company shall have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that the Company deems necessary or desirable. Franchisee expressly agrees to strictly comply with the Company's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with the Company's standards and specifications. Franchisee agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as the Company directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.6 shall be at Franchisee's sole cost and expense.

8.7 **Data.** All data provided by Franchisee, uploaded to the Company's system from Franchisee's system, and/or downloaded from Franchisee's system to the Company's system, is and will be owned exclusively by the Company, and the Company will have the right to use such data in any manner that the Company deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by the Company during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to the Company upon the Company's request. Franchisee may not sell or disclose to any third party, any personal or aggregate information concerning any customers. The Company hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business.

8.8 **Privacy.** Subject to commercial standards of reasonableness based upon local business practices in Franchisee's Territory, the Company may, from time-to-time, specify in the Manuals (or otherwise in writing) the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to the Company such reports as the Company may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of the Company, and the Company hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without the Company's prior written consent as to said policy.

8.9 **Extranet.** The Company may, but is not obligated to, establish an Extranet. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of the Company's headquarters to access certain parts of the Company's computer network via the Internet. If the Company does establish an Extranet, then Franchisee shall comply with the Company's requirements with respect to connecting to the

Extranet and utilizing the Extranet in connection with the operation of the Franchised Business.

8.10 **Websites.** The Company maintains a Website at www.wickedslush.com and has the right to promote the System and those company-owned and franchise-owned locations as the Company determines and in the manner the Company determines in its sole discretion. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet including, but not limited to, social and business networking media such as Facebook, Twitter, Instagram, LinkedIn, Pinterest and on-line blogs and forums ("Networking Media Websites"). The Company reserves the right to require Franchisee to pay the Company a one-time design fee and a monthly hosting fee in an amount set forth in the Manuals or otherwise in writing for the design and hosting of the Franchised Business on the Company's Website. Design and hosting fees may change over time if design and content require more bandwidth or functionality. Unless otherwise approved in writing by the Company, Franchisee shall not establish a separate Website. However, the Company shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by the Company, within the Company's Website. The Company shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on the Company's Website. However, if the Company approves a separate Website for Franchisee (which the Company is not obligated to approve; and, which approval, if granted, may later be revoked by the Company), then each of the following provisions shall apply:

8.10.1 Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee, including any posting on or contribution to a Networking Media Website, shall be deemed "advertising" under this Agreement and will be subject to, among other things, the Company's prior review and approval;

8.10.2 Before establishing any Website, Franchisee shall submit to the Company, for the Company's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner the Company may reasonably require;

8.10.3 If approved, Franchisee shall not subsequently modify such Website without the Company's prior written approval as to such proposed modification;

8.10.4 Franchisee shall comply with the standards and specifications for Websites that the Company may periodically prescribe in the Manuals or otherwise in writing;

8.10.5 If required by the Company, Franchisee shall establish such hyperlinks to the Company's Website and other Websites as the Company may request in writing; and

8.10.6 Franchisee shall not post any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on a Networking Media Website without the Company's prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media Website that (a) is derogatory, disparaging, or critical of the Company, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Proprietary Marks.

8.11 Domain Names. Franchisee acknowledges and agrees that if the Company grants its approval for Franchisee's use of a generic, national, and/or regionalized domain name, the Company shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as the Company may reasonably require (including, but not limited to, the requirement that Franchisee reimburse the Company's costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify the Company in writing and assign said domain names to the Company and/or a designee that the Company specifies in writing.

8.12 Online Use of Proprietary Marks and E-mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with the Company and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining the Company's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.13 No Outsourcing Without Prior Written Approval. Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without the Company's prior written approval. The Company's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with the Company and Franchisee in a form that is provided by the Company. The provisions of this Section 8.13 are in addition to and not instead of any other provisions of this Agreement.

8.14 Changes to Technology. Franchisee agrees that the Company shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by the Company as if this Agreement were periodically revised by the Company for that purpose.

9. MANUALS

9.1 **Store Operation.** In order to protect the reputation and goodwill of the Company and to maintain high standards of operation under the System, Franchisee shall operate the Wicked Slush Store in strict accordance with the standards, methods, policies, and procedures specified in in its official manuals, which may include an Operations Manual and/or Recipes Manual (hereafter collectively referred to as the "Manuals"). Upon commencement by Franchisee or Franchisee's manager of the Company's initial training program, the Company will make available to Franchisee by electronic means, one copy of the Manuals for the term of this Agreement.

9.2 **Confidentiality.** The Manuals contain confidential business information and trade secrets that belong to the Company. The Company owns the Manuals and all rights, including proprietary rights, in, and to, the Manuals and their information. Any copies and summaries of the Manuals are, and shall at all times remain, the property solely of the Company. Franchisee shall at all times treat the Manuals, their information, any other manuals created for or approved for use in the operation of the Wicked Slush Store as confidential and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 **Revisions to Manuals.** The Company has the sole and absolute right to modify, add to, and delete from, the Manuals at any time. When notified in writing by the Company, Franchisee shall promptly update Franchisee's copy of the Manuals with any modifications of, additions to, and deletions from it. Any written notice that the Company delivers to Franchisee containing any such modification of, addition to, and deletion from the Manuals shall bind Franchisee upon Franchisee's receipt of such notice. Franchisee shall be solely responsible to ensure that the Wicked Slush Store is operated in compliance with the most current version.

9.4 **Access to Manuals.** The Company has the right to maintain all or any portions of the Manuals in written or electronic form, including, without limitation, on one or more Websites. If the Company maintains the Manuals in electronic form or on one or more Websites, Franchisee agrees (a) to install, maintain, and upgrade continually throughout the term of this Agreement and as required by the Company in the Manuals and in writing from time to time, at Franchisee's sole expense, the highest-speed Internet connection available to provide access to such portions of the Manuals; (b) to make one copy of such portions of the Manuals and to maintain such copies and their contents as secret and confidential; and (c) Franchisee and none of Franchisee's principals or employees shall make any electronic copy of any portion of the Manuals.

9.5 **Master Copy.** The electronic copy (or, if unavailable, the paper copy) of the Manuals maintained by the Company at its home office is, and shall be, controlling in the event of any dispute as to the Manuals' contents. Franchisee shall use the Manuals solely for the operation of the Wicked Slush Store.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes: (1) construction plans and design specifications; (2) Wicked Slush Bases and recipes; (3) preparation techniques; (4) knowledge operating results and financial performance of other Wicked Slush stores; (5) the Manuals; (6) training materials and programs; and (7) customer data; and (8) and the Confidential Information and described herein. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

Franchisee acknowledges and agrees the Company will (1) disclose the Confidential Information to Franchisee in furnishing to Franchisee the training program and subsequent ongoing training; and (2) the Manuals and general assistance during the term of this Agreement. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in the Confidential Information, and that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

Franchisee acknowledges and agrees that the Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree, that it shall: (1) not use the Confidential Information in any other business or capacity during and after the term of this Agreement; (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) not make unauthorized copies of any portion of the Confidential Information and maintain restrictions on disclosure thereof to Franchisee's employees by reasonable methods; and (4) not disclose or permit access to any Confidential Information by any person, except for employees of Franchisee requiring such access for Franchisee to fulfill its obligations under this Agreement. At the Company's request, the Company has a right to review and pre-approve and require Franchisee's employees execute a confidentiality agreement in order to ensure that Franchisee adequately protects the Confidential Information. Under no circumstances will the Company control the forms or terms of employment agreements Franchisee uses with employees or otherwise be responsible for Franchisee's labor relations or employment practices.

11. ACCOUNTING AND RECORDS

11.1 Recordkeeping. Franchisee shall keep, maintain and record all sales on such recordkeeping, cash register(s) or reporting system(s) designated by the Company, or on any other equipment specified by the Company in the Manuals or otherwise in writing from time to time. Franchisee shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records, and accounts, which fully and correctly record and disclose all transactions relating to or involving the operation of the Wicked Slush Store, in accordance with generally accepted accounting principles and in the form and manner prescribed by the Company from time to time in the Manuals or otherwise in writing.

11.2 Recording Procedures. All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manuals, and on such cash register or point-of-sale recording system as the Company may specify pursuant to Section 7 hereof.

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

11.3.1 By the fifteenth (15th) day of each month, a report accurately reflecting all Gross Sales during the prior calendar month;

11.3.2 By the last calendar day of each month, an accurate profit and loss statement for the prior calendar month;

11.3.3 Within ninety (90) days after the end of each fiscal year of the Wicked Slush Store, financial statements, including, without limitation, a complete and accurate profit and loss statement for the preceding year, tax return documentation, and balance sheet as of the end of such year, showing the results of operations of the Wicked Slush Store during said fiscal year, which may be unaudited, unless Franchisee has received written notice from the Company requiring an audit and, in such event, Franchisee shall have ninety (90) days from receipt of the notice of audit requirement to provide the Company with the audited financial statements;

11.3.4 Within ten (10) days after their completion, all federal tax returns filed by Franchisee;

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

11.3.6 Such other forms, reports, records, information, and data as the Company may reasonably designate from time to time, as may be described in the Manuals.

11.4 Audit and Inspection. The Company and its designated agents shall have the right at all reasonable times to examine and copy, at the Company's expense, the books, records, accounts, and tax returns of Franchisee. The Company shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection or audit should reveal that any payments have been understated in any report to the Company, then Franchisee shall immediately pay to the Company the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse the Company for any and all costs and expenses connected with the inspection or audit (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies the Company may have.

12. ADVERTISING AND PROMOTION

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

12.1 **Generally.** With regard to advertising generally for the Wicked Slush Store, Franchisee shall place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials as the Company approves in writing, from time to time. Franchisee shall submit to the Company, prior to its use, samples of all sales promotional and advertising materials desired to be used by Franchisee, including, but not limited to, newspaper, radio and television advertising, specialty and novelty items, signs, cups, boxes, bags and other packaging which have not been previously approved by the Company. Such submission shall not affect Franchisee's right to determine the prices at which Franchisee sell its products. Within fifteen (15) days of the Company's receipt of any sample sales promotional material or advertising materials from Franchisee, the Company shall notify Franchisee in writing of the Company's approval or disapproval of the materials; provided, however, the Company's failure to approve or disapprove the materials within thirty (30) days of receipt shall be deemed a disapproval. Franchisee shall not use any advertising or promotional materials (including any electronic coupons (Living Social, Groupon, etc.)) for which the Company has not given its prior written approval. The Company has the right to condition approval of Franchisee's proposed advertising upon Franchisee's agreement to provide other System franchisees, whose Wicked Slush Stores are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising.

12.2 **Grand Opening Local Advertising and Promotional Program.** Beginning sixty (60) days prior to the opening of Franchisee's Wicked Slush Store and, if applicable, any relocation or transfer of Franchisee's Wicked Slush Store, Franchisee shall conduct grand opening advertising and promotion in the form and manner as determined by the Company in its sole discretion. Franchisee shall expend up to twenty thousand dollars ($20,000) on such grand opening advertising and promotion during the period beginning thirty (30) days prior to the opening of Franchisee's Wicked Slush Store through 180 days after the opening. The Company may, in its sole discretion, purchase on your behalf, broadcast and print advertising and such other advertising and promotion as recommended by Wicked Slush and may require Franchisee to purchase certain advertising materials. The cost of the promotion and media included shall be determined by Wicked Slush and may vary depending on the size and location of the market where the Store is located.

12.3 **Advertising Fee.** Franchisee shall pay the Company an advertising fee ("Continuous Marketing Fee") which shall be allocated, in the Company's sole discretion, to ~~(a)~~ the Fund (as described in Section 12.5). The Continuous Marketing fee is 2% of reported Gross Sales of the Wicked Slush Store. The Franchisee will be invoiced, on a monthly basis, an amount equal to 2% of the Gross Sales reported for the preceding month. All payments must be made by electronic funds transfer.

12.3.1 The Company reserves the right to waive or amend the Continuous Marketing Fee for satellite or limited menu locations, as the circumstances may warrant.

12.4 Local Advertising. In addition to the advertising expenditures required by Sections 12.2 and 12.3 above, for each week that the Wicked Slush Store is open for business, Franchisee shall expend an average of one percent (1%) of Gross Sales per week on local advertising in such manner as the Company may, in its sole discretion, direct in the Manuals or otherwise in writing from time to time (the "Minimum Advertising Expenditure").

12.4.1 Franchisee shall provide satisfactory evidence of Franchisee's required Minimum Advertising Expenditure in such manner as the Company shall direct in the Manuals or otherwise in writing from time to time.

12.5 Advertising Fund. The Company shall have the right, in its sole discretion, without, however, any obligation, to establish, administer and control an Advertising Fund (hereafter the "Fund"). Franchisee agrees to contribute to the Fund as described in Section 12.3 hereof and the Fund shall be maintained and administered by the Company as follows:

12.5.1 The Company shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System; and that the Company is not obligated, in administering the Fund, to make expenditures for Franchisees which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Fund.

12.5.2 The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which the Company believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing Networking Media Websites and other emerging media or promotional tactics; developing, maintaining, and updating a Website for the Company; direct mail advertising; deploying social networking promotional initiatives through online media channels; implementing loyalty programs, marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s); and providing promotional and other marketing materials and services to the businesses operating under the System.

12.5.3 The Company shall make contributions to the Fund for each of the Wicked Slush Stores operated by the Company (or its affiliates) in a percentage equivalent to the percentage contributions required of franchisees generally within the System. The Company agrees that it will exercise its best efforts to collect required contributions to the Fund from all franchisees required to contribute to the Fund.

12.5.4 All Fund contributions shall be maintained in an account separate from the other monies of the Company and shall not be used to defray any of the Company's expenses, except for such reasonable costs and overhead, if any, as the Company may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Fund and any earnings thereon shall not otherwise inure to the benefit of the Company. The Fund shall not be considered a trust fund nor shall the Company be considered a trustee thereof. The Company shall maintain separate bookkeeping accounts for the Fund.

12.5.5 It is anticipated that all contributions to the Fund shall be expended for their intended purposes during the Fund's fiscal year in which contributions are made. Fund surpluses, if any, may be expended in the following fiscal year(s). Although the Company intends the Fund to be of a long-term duration, the Company maintains the right to terminate the Fund at any time. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes.

12.5.6 The Fund is not and will not be an asset of the Company. An accounting of the operation of the Fund will be prepared annually and will be made available to Franchisee during regular business hours, upon Franchisee's written notice to the Company, once during each calendar year. The Company reserves the right, in its sole discretion, to require that such annual accounting include an audit of the operation of the Fund prepared by an independent certified public accountant selected by the Company and prepared at the expense of the Fund.

12.5.7 The Company does not anticipate that any part of the contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but the Company reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information.

12.6 This Section has been intentionally left blank.

12.7 **Advertising Materials.** All advertising, printed materials, coupons, and promotion by Franchisee shall be in such media and of such type and format as the Company may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as the Company may specify. Franchisee shall not use any advertising, coupons, or promotional plans or materials unless and until Franchisee has received written approval from the Company, pursuant to the procedures and terms set forth in Section 12.1 hereof. Franchisee shall not obtain a Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the rights granted hereunder without the Company's prior, written approval and, if such approval is granted, shall operate such Website in accordance with the Company's standards and policies provided to Franchisee in the Manuals or otherwise in writing from time to time.

12.8 Online Advertising and Electronic Communications. The Company shall retain the exclusive right to develop and control the content of all online and other electronic advertising for the System. Except as otherwise set forth in the Manuals or as otherwise approved in writing by the Company, Franchisee may not, directly or indirectly, establish, operate, maintain, register or sponsor any of the following to promote the Shop, the System or otherwise display the Proprietary Marks: a domain name, social networking platform, blog, messaging system, e-mail account, user name, text address, mobile application, web page, website or internet site, other electronic, or any other mobile or internet presence (collectively, "Electronic Communications"). Franchisee and its employees may not post or blog comments about the Store or the System through any Electronic Communications, without the Company's prior written approval.

12.9 Minimum Requirements. Franchisee understands and acknowledges that the required expenditures and contributions in this Section 12 are minimum requirements only, and that Franchisee may, and is encouraged by the Company to expend additional funds for advertising and promotion.

13. INSURANCE

13.1 Minimum Insurance Requirements. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, the Company, the Company's affiliates, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, product liability, and broad form contractual liability, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, and product liability insurance. Such policy or policies shall be written by a responsible carrier or carriers acceptable to the Company, shall name the Company and the Company's affiliates and their respective officers, directors, partners, agents and employees as additional insured parties as specified by the Company, and shall provide at least the types and minimum amounts of coverage as specified by the Company from time to time in the Manuals or otherwise in writing.

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

13.3 Certificate of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to the Company Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given the Company in the event of material alteration to, or cancellation of, the coverages evidenced by such Certificates.

13.4 Other Insurance. Franchisee shall also maintain all other insurance coverage as may be required by law, including without limitation, worker's compensation and unemployment insurance.

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

14. TRANSFER OF INTEREST

14.1 Company's Right to Transfer. The Company shall have the right to transfer or assign this Agreement and assign and delegate all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of the Company shall become solely responsible for all obligations of the Company under this Agreement from the date of assignment. Franchisee agrees hereby to consent to any such transfer, assignment or delegation and to execute such documents of attornment or otherwise as the Company shall request.

14.2 Franchisee's Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that the Company has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership or limited liability company, its principals') business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in Franchisee or in the Wicked Slush Store shall sell, assign, transfer, convey, pledge, encumber, merge, or give away this Agreement, any direct or indirect interest in Franchisee (including any direct or indirect interest in a corporate, partnership or limited liability company franchise), or in all or substantially all of the assets of the Wicked Slush Store, either voluntarily or by operation of law, unless Franchisee shall have first tendered to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company, which consent will not be unreasonably withheld. Any purported assignment or transfer not having the prior written consent of the Company required by this Section 14.2 shall be null arid void and shall constitute a material breach of this Agreement, for which the Company may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement.

14.3 **Notification and Conditions of Approval.** Franchisee shall notify the Company in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Wicked Slush Store at least thirty (30) days before such transfer is proposed to take place. The Company shall not unreasonably withhold its consent to such a transfer; provided, however, that:

14.3.1 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in Franchisee (as determined by the Company), or substantially all of the assets of the Wicked Slush Store, the Company may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to the Company and its affiliates have been satisfied;

14.3.1.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and the Company, or its affiliates;

14.3.1.3 That the transferor (including all partners, shareholders and members and managers of a corporate, partnership or limited liability company transferor) shall have executed a general release, in a form satisfactory to the Company, of any and all claims against the Company, its affiliates and their respective officers, directors, shareholders, and employees;

14.3.1.4 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) enter into a written assignment, in a form satisfactory to the Company, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and all the owners of any interest in Franchisee and their spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations hereunder;

14.3.1.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) demonstrate to the Company's satisfaction that it meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Wicked Slush Store (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Wicked Slush Store;

14.3.1.6 That (a) the transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as the Company may require for the Wicked Slush Store and any Wicked Slush carts ("Carts"), if applicable, which agreements shall supersede this Agreement and any cart addenda (if applicable) in all respects, except that the transferee shall not be required to pay any initial franchise fee; and (b) all owners of an interest in Franchisee and such owners' spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations under the franchise agreement;

14.3.1.7 That the transferor, at its expense, refurbish the Wicked Slush Store to conform to the Company's then-current standards and specifications, and complete the refurbishing and other requirements within the time specified by the Company. The Company may require the transferee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such refurbishment as determined by the Company, to be held by the Company or a third party approved by the Company until the Wicked Slush Store has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

14.3.1.8 That Franchisee remain liable for all of the obligations to the Company in connection with the Wicked Slush Store which arose prior to the effective date of the transfer and which extend beyond the term hereof and execute any and all instruments reasonably requested by the Company to evidence such liability;

14.3.1.9 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to the Company), and the transferee's manager (if transferee or transferee's principal will not manage the Wicked Slush Store), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as the Company may reasonably require;

14.3.1.10 That Franchisee pay a transfer fee of $5,000. However, in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership, (a) no such transfer fee shall be required for transfers occurring prior to twelve (12) months from the date of execution of this Agreement, and (b) a transfer fee of two hundred dollars ($200) shall be required for transfers occurring at or any time after twelve (12) months from the date of execution of this Agreement. The Company may, in its sole discretion, reduce the transfer fee if the transferee is an existing Wicked Slush franchisee;

14.3.1.11 That transferor shall have first offered to sell any such controlling interest to the Company, pursuant to Section 14.6 hereof;

14.3.1.12 That Franchisee delivers to the Company each and every copy of the Manual prior to the date of transfer. If Franchisee has lost any of the Manuals or fails to deliver each and every copy of the Manuals, Franchisee shall pay to the Company on or before the date of transfer the Company's then-current Manual replacement fee for each Manual that has been lost or not delivered to the Company; and

14.3.1.13 If Franchisee proposes to transfer any Cart or Cart Addendum in connection with any proposed transfer hereunder and the Company approves such transfer, the Company reserves the right to prohibit the transferee from operating such Cart for a period of time between ninety (90) days and three hundred sixty-five (365) days from the date of such transfer, as the Company determines in its sole discretion.

14.3.2 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring a non-controlling interest in Franchisee (as determined by the Company), the Company may, in its sole discretion, require that Franchisee pay a transfer fee in an amount equal to the mathematical product of (a) the percentage of interest in Franchisee being transferred, multiplied by (b) the transfer fee being charged under the then-current form of franchise agreement at the time of the transfer.

14.4 **No Security Interest.** Franchisee shall not grant a security interest in the Wicked Slush Store or in any of the assets of the Wicked Slush Store unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, the Company shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event the Company exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.5 **Company's Right of First Refusal.** If any party holding any direct or indirect controlling interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Wicked Slush Store desires to accept any bona fide offer from a third party to purchase such interest, such party shall first offer to sell such interest to the Company on such terms and conditions as described in this Section 14.5. Franchisee shall notify the Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that the Company or its affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event the Company or its affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event the Company or its affiliate elects to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by the Company. In the event the Company or its affiliate elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by the Company or its affiliate as in the case of the third party's initial offer. Failure of the Company or its affiliate to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its affiliate may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by the Company or its affiliate at the Company's expense, and the appraiser's determination shall be binding.

14.6 **Death or Mental Incapacity.** Upon the death or mental incapacity of any person with any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Wicked Slush Store, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by the Company within nine (9) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by the Company within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.7 **Nonwaiver.** The Company's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Wicked Slush Store shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.8 **Sale of Securities.** All materials required for any offer or sale of securities of Franchisee by federal or state law shall be submitted to the Company for review, approval and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to the Company for review, approval and consent prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that the Company is participating as an underwriter, issuer, or offeror of Franchisee's or the Company's securities; and the Company's review of any offering shall be limited solely to the subject of the relationship between Franchisee and the Company. Franchisee and the other participants in the offering must fully indemnify the Company in connection with the offering (subject to such limitations which are customary in offerings of this nature). For each proposed offering, Franchisee shall pay to the Company a non-refundable fee of Five Thousand Dollars ($5,000), or such greater amount as may be necessary to reimburse the Company for its reasonable costs and expenses in connection with reviewing the proposed offering, including, without limitation, legal and accounting fees. If the documentation with respect to any such offer or sale is significantly less than what would normally be required in the case of such an offering, then the fee Franchisee shall pay to the Company for its costs and expenses shall be adjusted downward in order to reflect the amount of time actually expended in connection with such review. Franchisee shall give the Company written notice at least thirty (30) days prior to the date of commencement of any such offering. Any such offering shall be subject to the Company's right of first refusal as provided in Section 14.5 hereof.

14.9 Personal Guaranty of Principals. If Franchisee is a corporation, partnership or limited liability company, the Company reserves the right to require each shareholder, partner, member and manager (as the case may be) holding an interest in Franchisee to execute a covenant with the Company agreeing not to transfer any interest in Franchisee except in accordance with the terms and conditions of this Agreement, including without limitation, the Company's right of first refusal described in Section 14.5 hereof.

14.10 Effect of Consent to Transfer. The Company may review all information regarding the Franchised Business that Franchisee gives the proposed transferee, correct any information that the Company believes is inaccurate and provide the proposed transferee with copies of any reports the Company has made regarding the Franchised Business. However, the Company's consent to a transfer of this Agreement, the Franchised Business, or any interest in Franchisee or its owners, is not a representation of the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the Franchised Business or transferee's prospects of success, or a waiver of any claims the Company may have against Franchisee (or its owners) or the Company's right to demand full compliance by Franchisee and transferee with this Agreement.

15. DEFAULT AND TERMINATION

15.1 Termination by Franchisee. Franchisee may terminate this Agreement for cause if the Company is in breach of any material provision of this Agreement, by giving the Company written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow the Company 90 days after receipt of the notice to correct the breach. The Franchisee's failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee's right to complain of that breach. If the Company fails to cure any material breach within the 90 day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to the Company, except if the breach is not susceptible to cure within 90 days, but the Company takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, the Company shall be deemed to have timely cured the breach. Franchisee's termination will be effective only if Franchisee signs all documentation that the Company requires, including a release. Notice shall be either hand delivered or sent by U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

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

15.3 **Notice Without Opportunity to Cure.** Franchisee shall be deemed to be in default and the Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events of default:

15.3.1 If Franchisee fails to locate an approved site or to construct and open the Wicked Slush Store within the time limits provided in the Site Selection Addendum or Section 5.1 of this Agreement;

15.3.2 If Franchisee or any of its principles or, if applicable, Franchisee's manager fails to complete the initial training program described in Section 6 hereof to the Company's satisfaction;

15.3.3 If Franchisee at any time ceases to operate or otherwise abandons the Wicked Slush Store, loses the right to possession of the Approved Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the Wicked Slush Store is located. However, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for the Company's approval to relocate and/or reconstruct the Approved Location, which approval shall not be unreasonably withheld;

15.3.4 If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that the Company believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or the Company's interest therein;

15.3.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Wicked Slush Store;

15.3.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Wicked Slush Store is made to any third party without the Company's prior written consent, contrary to the terms of Section 14 hereof;

15.3.7 If an approved transfer is not affected within the time provided following death or mental incapacity, as required by Section 14 hereof;

15.3.8 If Franchisee fails to comply with the covenants in Section 17.2 and Section 17.3 hereof or fails to obtain execution of the covenants required under Section 17.9 hereof;

15.3.9 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other Confidential Information provided to Franchisee by the Company;

15.3.10 If Franchisee knowingly maintains false books or records, or submits any false reports or information to the Company;

15.3.11 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or the Company's rights therein;

15.3.12 If Franchisee refuses to permit the Company to inspect the Wicked Slush Store premises, or the books, records, or accounts of Franchisee upon demand;

15.3.13 If Franchisee, upon receiving a notice of default under Section 15.3 hereof, fails to initiate immediately a remedy to cure such default;

15.3.14 If Franchisee, after curing any default hereunder commits the same or a similar default again, whether or not cured after notice; or

15.3.15 If Franchisee commits two (2) or more defaults hereunder (whether or not cured after notice) in any twelve-month period, or

15.3.16 If Franchisee or any affiliate or principal of Franchisee is in default under any other agreement or promissory note with the Company or any affiliate of the Company.

15.4 <u>**Notice With Opportunity to Cure.**</u> Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, the Company may terminate this Agreement by giving written notice of termination stating the nature of such failure to Franchisee at least fourteen (14) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the Company's satisfaction within the fourteen-day period (or such longer period as may be required to cure said default by reason of the nature thereof or as applicable law may require). If any such default is not cured within the specified period, or such longer period as applicable law may require, this Agreement shall terminate automatically without further notice to Franchisee, effective immediately upon the expiration of the fourteen-day period or such longer period as applicable law may require. Such defaults shall include, without limitation, the following illustrative events:

15.4.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or fails to carry out the terms of this Agreement in good faith;

15.4.2 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to the Company or its affiliates when due, or to submit the financial or other information required by the Company under this Agreement;

15.4.3 If Franchisee fails to maintain or observe any of the specifications, standards or procedures prescribed by the Company in this Agreement, the Manuals, or otherwise in writing;

15.4.4 Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses, or neglects to obtain the Company's prior written approval or consent as required by this Agreement;

15.4.5 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the premises, or in any way jeopardizes its right to renewal of such lease or sublease;

15.4.6 If Franchisee fails to maintain adequate product and service quality and facility cleanliness of the Wicked Slush Store, or fails to maintain necessary sanitation certificates, business licenses, or any other local, state or other governmental authorization to conduct the business contemplated under this Agreement; or

15.4.7 If Franchisee engages in any business or markets any service or product under a name or mark which, in the Company's opinion, is confusingly similar to the Proprietary Marks.

15.5 <u>**Cross Default.**</u> Default under this Agreement shall constitute a default under any Development Agreement between the parties, or affiliates of the parties, pursuant to which the Franchise Agreement was executed. A default under this Franchise Agreement for which this Agreement has been terminated shall constitute a default under any other franchise agreement between the parties hereto.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

16.1 **Cease Operations.** Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of the Company.

16.2 **Cease Use of Confidential Information and Proprietary Marks.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

16.3 **Cancellation of Assumed Name and Registrations.** Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the Proprietary Marks, any other service mark or trademark of the Company or its affiliates, and Franchisee shall furnish the Company with evidence satisfactory to the Company of compliance with this obligation within ten (10) days after termination or expiration of this Agreement.

16.4 **Assignment of Lease and Telephone Numbers/De-identification.** Franchisee shall, at the Company's option, assign to the Company or its designee any interest which Franchisee has in any lease or sublease for the premises of the Franchised Business. In the event the Company or its designee does not elect to exercise its option to acquire the lease or sublease for the premises of the Franchised Business, Franchisee shall make such modifications or alterations to the premises (including, without limitation, the changing of, and the assigning to the Company or its designee of, any telephone number(s) and telephone listing(s)) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Franchised Business under the System, and shall make such specific additional changes thereto as the Company may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, the Company shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee. Franchisee agrees to pay to the Company upon demand the Company's then-current fee and expenses incurred for de-identifying the premises of the Franchised Business.

16.5 **Use of Proprietary Marks Prohibited.** Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the Company's sole discretion, is likely to cause confusion, mistake, or deception, or which, in the Company's sole discretion, is likely to dilute the Company's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to the Company, the System, or the Proprietary Marks) which, in the Company's sole discretion, suggests or represents a present or former association or connection with the Company, the System, or the Proprietary Marks.

16.6 **Payment of Sums Owing.** Franchisee shall promptly pay all sums owing to the Company and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by the Company as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of the Company against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default. In addition, the Company shall be entitled to recover from Franchisee the Company's lost profits in an amount equal to the mathematical product of (a) the number of months of the unexpired portion of Franchisee's initial term under this Agreement, multiplied by (b) Franchisee's average monthly royalty fee and Advertising Fee payments during the twelve-month period prior to termination. Franchisee acknowledges and agrees that such amount is a reasonable estimate of the Company's lost profits following termination of this Agreement. Franchisee further acknowledges and agrees that Franchisee is obligated to pay the Company for its lost profits due to Franchisee's breach of this Agreement, notwithstanding that the Company has terminated this Agreement.

16.7 **Return of Manuals.** Franchisee shall immediately deliver to the Company the Manuals, all copies, summaries, and extracts from it, and all other records, correspondence, newsletters, advertising layouts and instructions containing Confidential Information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of the Company, and shall retain no copy or record of any of the foregoing, including any in electronic format, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law. If Franchisee does not deliver all of the Manuals to the Company, Franchisee shall pay the Company five hundred dollars ($500) for each Manual that Franchisee does not deliver to the Company.

16.8 **Company's Option to Purchase Assets.** The Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any or all of the Wicked Slush Bases, furnishings, equipment, signs, fixtures, stationery, letterhead, forms, packaging and advertising materials containing the Proprietary Marks, related to the operation of the Franchised Business at fair market value or at Franchisee's depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost or depreciated book value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at the Company's expense, and the appraiser's determination shall be binding. If the Company or its affiliate elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment thereof.

16.9 **Post Term Covenants.** Franchisee shall comply with the covenants contained in Section 17.3 of this Agreement.

16.10 **Websites.** Franchisee shall immediately irrevocably assign and transfer to the Company or its designee any and all interests Franchisee may have in any Website maintained by Franchisee in connection with the Franchised Business and in the domain name and home page address related to such Website. Franchisee shall immediately execute any documents and perform any other actions required by the Company to effectuate such assignment and transfer and otherwise ensure that all rights in such Website revert to the Company or its designee, and hereby appoints the Company as its attorney-in-fact to execute such documents on Franchisee's behalf if Franchisee fails to do so. Franchisee may not establish any Website using any similar or confusing domain name and/or home page address, including any site created and used for complaints against the Company its officers, directors or employees or personal attacks which use the Company's name or any variant thereof.

16.11 **Social Media Sites.** If applicable, Franchisee shall take such action as may be required to remove from the Internet all sites and social media accounts referring to Franchisee's former Store or any of the Proprietary Marks, and to cancel, or assign to the Company, in the Company's sole discretion, all rights to any social media accounts or domain names for any sites on the interne that refer to Franchisee's former Store or any of the Proprietary Marks.

17. COVENANTS

17.1 **Best Efforts.** Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by the Company, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member or manager of Franchisee) or Franchisee's approved manager shall devote full time, energy, and best efforts to the management and operation of the Franchised Business hereunder.

17.2 **In Term Covenants.** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the Company and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

17.2.1 Franchisee shall not participate in any online forum that (a) is disparaging or critical of the Company, (b) is offensive, inflammatory or indecent, or (c) harms the goodwill and image of the system and/or the Proprietary Marks.

17.3 **Post Term Covenants.** This section was intentionally left blank.

17.4 **No Application to Equity Securities.** Section 17.3 shall not apply to ownership by Franchisee less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

17.5 **Independent Covenants.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

17.6 **Company's Reduction of Scope of Covenant.** Franchisee understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3 of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.7 **No Defense.** Franchisee expressly agrees that the existence of any claims Franchisee may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by the Company in connection with the enforcement of this Section 17.

17.8 **Injunctive Relief.** Franchisee acknowledges that Franchisee's violation of the terms of this Section 17 would result in irreparable injury to the Company for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees 'incurred by the Company in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 17.

17.9 **Covenants by Related Persons.** Upon the Company's request, Franchisee shall provide the Company with executed covenants similar in substance to those set forth in Section 10 hereof and this Section 17 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any salaried employee of Franchisee who is obligated to receive training from the Company and any family member who will receive training or have access to any of the Confidential Information of the Company. In no event shall any person described above be granted access to any confidential aspect of the System or the Franchised Business prior to execution of such a covenant. Failure by Franchisee to obtain execution of a covenant required by this Section 17, and provide the same to the Company, shall constitute a material breach of this Agreement.

18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1 **Corporate Franchisee.** A Franchisee that is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.1.1 Franchisee shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Franchisee's corporate documents from time to time as it, in its sole discretion, deems advisable, including, but not limited to, minutes of the meetings of Franchisee's Board of Directors, any other documents the Company may reasonably request, and any amendments thereto.

18.1.2 Franchisee shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Wicked Slush Store contemplated hereunder.

18.1.3 Franchisee shall maintain store transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> *The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Amy's Wicked Slush, Inc., dated____________. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.*

Notwithstanding the above, the requirements of this Section 18.1.3 shall not apply to a "publicly-held corporation." A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

18.1.4 Franchisee shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of Franchisee and shall furnish the list to the Company upon request.

18.2 **Partnership Franchisee.** A Franchisee that is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.2.1 Franchisee shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

18.2.2 Franchisee shall prepare and furnish to the Company, upon request, a list of all general and limited partners in Franchisee.

18.3 Limited Liability Company Franchisee. A Franchisee that is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.3.1 Franchisee shall furnish the Company with its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Franchisee's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

18.3.2 Franchisee shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Wicked Slush Store contemplated hereunder.

18.3.3 Franchisee shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request.

18.4 Franchisee represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in the Data Sheet attached hereto is complete and accurate.

18.5 As a condition of the effectiveness of this Agreement, all owners with any interest in Franchisee and their spouses shall execute the Guarantee, Indemnification and Acknowledgment attached as Exhibit A hereto.

19. TAXES, PERMITS AND INDEBTEDNESS

19.1 Prompt Payment. Franchisee shall: (i) promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and (ii) pay in accordance with normal business practice all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisee shall pay the Company an amount equal to any sales tax, a pro rata share of any state income tax imposed on the Company by the state in which the Franchised Business is located allocated among all franchisees under the System in such state, or similar tax imposed on the Company with respect to any payments to the Company required under this

Agreement, unless the Company uses the tax as a credit against any tax based on or measured by net or gross income otherwise payable by the Company.

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

19.3 Franchisee shall comply in all material respects with all federal, state, and local laws, rules, and regulations (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Wicked Slush Store), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, health certificates, permits, fictitious name registrations, sales tax permits, and fire clearances.

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

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 No Agency. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

20.2 **Independent Contractor.** During the term of this Agreement and any extensions thereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from the Company. Franchisee agrees to take such action as may be reasonably requested by the Company to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Wicked Slush Store, the content of which the Company reserves the right to specify. The Company will not exercise direct or indirect control over the working conditions of the Store personnel except to the extent such indirect control is related to the Company's legitimate interest in protecting the quality of products, service, or the Proprietary Marks. The Company does not share or co-determine the terms and conditions of employment of Franchisee's employees or affect matters relating to the employment relationship between Franchisee and its employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, Franchisee agrees to identify itself conspicuously in all dealings with personnel as the employer of such personnel and that the Company as the franchisor, is not their employer and does not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

20.3 **Indemnification.** It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name; and that the Company shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall the Company be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Business (including any allegation that the Company is a joint employer or otherwise responsible for Franchisee's acts or omissions related to Franchisee's employees) or for any claim or judgment arising therefrom against Franchisee or the Company. Franchisee shall indemnify and hold the Company, its affiliates and their respective officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business (including, without limitation, any breach of the Franchise Agreement, and any allegation that the Company is a joint employer or otherwise responsible for Franchisee's acts or omissions related to Franchisee's employees), as well as the costs, including attorneys' fees, of defending against them.

21. APPROVALS AND WAIVERS

21.1 **Approval and Consent.** Whenever this Agreement requires the prior approval or consent of the Company, Franchisee shall make a timely written request to the Company thereto, and such approval or consent must be obtained in writing.

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

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

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, e-mail facsimile or by other means which affords the sender evidence of delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to the Company:

AMY'S WICKED SLUSH, INC.
13840 Healdsburg Avenue
Healdsburg, CA 95448
ATTN: AMY COVIN, President & CEO
(707) 327-6669
Amy@wickedslush.com

Notices to Franchisee:

____

____

____

____

23. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Internal policies of the Company shall not be part of this Agreement. Except for the covenants set forth in Section 17 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or any related agreement between Franchisee and the Company is intended to disclaim the representations made by the Company in its Franchise Disclosure Document.

24. SEVERABILITY AND CONSTRUCTION

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

24.2 **No Rights or Remedies Conferred Upon Other Parties.** Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than the Company or Franchisee and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

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

24.4 **Captions and Headings.** All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

24.5 **Survival.** All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

25. APPLICABLE LAW; DISPUTE RESOLUTION

25.1 **Applicable Law.** This Agreement takes effect upon its acceptance and execution by the Company and shall be interpreted and construed under the laws of the State of California, which laws shall prevail in the event of any conflict of law.

25.2 **Jurisdiction and Venue.** Except as otherwise set forth herein, all disputes between the parties shall be brought in, and the parties expressly agree to the jurisdiction and venue of, any court of general jurisdiction in Sonoma County, California or the United States District Court for the Northern District of California. All appeals from or relating to any arbitration which may be had in accordance with this Section 25 shall be heard before a federal court in that district.

25.3 **Mediation.** At the Company's sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall first be submitted for mediation administered by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. If submitted to mediation, the same shall take place before a sole mediator in Sonoma County, California at the office of the AAA located in Sonoma County, California. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between the Company and Franchisee.

25.4 **Arbitration.** Except as set forth in Section 25.6 below, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the AAA located in Sonoma County, California in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

25.4.1 The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Pennsylvania for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Company and Franchisee shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation. The arbitration hearings shall be completed within 150 days of the filing of the arbitration demand.

25.4.2 The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Company and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Company nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Company and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the Northern District of California or the Sonoma County Superior Court, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

25.5 **Limitation.** Any and all claims that Franchisee may have relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, against the Company, its affiliates, officers, directors, and employees shall be made by filing a claim hereunder within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim. Failure by Franchisee to file a claim within one (1) year will result in the loss and waiver forever of such claim.

25.6 **Injunctive Relief.** Nothing contained in this Agreement shall prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect the Company's or Franchisee's interests. The prevailing party shall be entitled to recover from the non-prevailing party all costs of such litigation, including, without limitation, attorneys' fees and costs.

25.7 **The Company's Costs and Expenses.** Except as expressly provided by Section 25 hereof, Franchisee shall pay all expenses, including attorneys' fees and costs, incurred by the Company, its affiliates, and its successors and assigns (a) to remedy any of Franchisee's defaults of, or enforce any of the Company's rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

25.8 **Rights and Remedies Not Exclusive.** No right or remedy conferred upon or reserved to the Company or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

25.9 **Best Efforts.** The parties hereto agree to use their best efforts to fulfill the terms of this Agreement. In connection therewith, Franchisee agrees to execute all documents necessary to fulfill the terms of this Agreement and hereby appoints the Company as its attorney in fact to do so in the event that Franchisee fails to do so after reasonable request from the Company.

25.10 **WAIVER OF RIGHTS.** THE COMPANY AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

25.10.1 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY; AND

25.10.2 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES.

25.10.3 THE FRANCHISEE WILL NOT BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION IN COURT NOR WILL FRANCHISEE BE ABLE TO BRING ANY CLAIM IN ARBITRATION AS A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. FRANCHISEE WILL NOT BE ABLE TO BE PART OF ANY CLASS ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE, OR BE REPRESENTED IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION.

26. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

26.1 **Independent Investigation.** Franchisee acknowledges that it has conducted an independent investigation of the business contemplated hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent businessman, or if Franchisee is a corporation, partnership or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Franchisee expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Franchisee also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Franchisee's independent investigation of the business contemplated hereunder.

26.2 **Receipt of Agreement.** Franchisee acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7) calendar days prior to the date on which this Agreement and all related agreements were executed.

26.3 **Opportunity to Consult with Advisors.** Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

26.4 **Effective Date.** This Agreement shall not be effective, until accepted by the Company and evidenced by dating and signing by an officer of the Company. The Company shall have the right to make the effective date of this Agreement, the date on which Franchisee signed the Agreement.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

WITNESS:	**FRANCHISEE**
______________________________	______________________________
	Name

_________________________________ _________________________________

Name

____

Name

ATTEST: **AMY'S WICKED SLUSH, INC.**

_________________________________ BY: _________________________________

TITLE: _________________________________

Exhibit B

Amy's Wicked Slush, Inc.

Financial Statements
For the Years Ended
September 30, 2022 and 2021
Together with Independent Auditors' Report

Amy's Wicked Slush, Inc.

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DBM CERTIFIED PUBLIC ACCOUNTANTS
DILLWOOD BURKEL & MILLAR, LLP

175 Concourse Blvd, Suite A
Santa Rosa, CA 95403
t: (707) 577-8806
f: (707) 577-1417
www.dbmcpa.com

Independent Auditors' Report

To the Stockholders of
Amy's Wicked Slush, Inc.
Healdsburg, California

Opinion

We have audited the financial statements of Amy's Wicked Slush, Inc., which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of operations, changes in stockholders' equity (deficits), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Amy's Wicked Slush, Inc. as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Amy's Wicked Slush, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Amy's Wicked Slush, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Amy's Wicked Slush, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Amy's Wicked Slush, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Dillwood Burkel & Millar, LLP

Santa Rosa, California
December 9, 2022

Amy's Wicked Slush, Inc.

Balance Sheets
As of September 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	$ 48,734	$ 69,801
Accounts receivable	39,285	11,577
Inventories	142,796	125,019
Advances to related party	10,536	11,330
Current assets	241,351	217,727
Note receivable	231,031	-
Property and equipment, net	307,366	409,561
Intangible assets, net	113,182	122,532
Deposits	2,100	2,100
Total assets	$ 895,030	$ 751,920
Liabilities and stockholder's deficits		
Current liabilities		
Accounts payable and accrued expenses	$ 28,458	$ 34,341
Line of credit and credit card payable	132,661	132,316
Accrued interest	21,434	7,339
Deferred revenue	2,908	9,545
Long-term debt, current portion, net of unamortized loan fees	69,305	61,672
Current liabilities	254,766	245,213
Government forgivable loan	-	181,007
Long-term debt, net of current portion and unamortized loan fees	864,366	570,058
Total liabilities	1,119,132	996,278
Stockholders' deficits	(224,102)	(244,358)
Total liabilities and stockholder's deficits	$ 895,030	$ 751,920

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

Amy's Wicked Slush, Inc.

Statements of Operations
For the Years Ended September 30, 2022 and 2021

	2022	2021
Revenue		
Product sales, net	$ 1,050,831	$ 1,032,810
Cost of goods sold	(769,349)	(743,871)
	281,482	288,939
Franchise income, net	165,056	56,436
Net revenue	446,538	345,375
Operating expenses		
Depreciation and amortization	121,926	125,795
Salaries and payroll taxes	108,308	72,617
Facility rental	106,513	138,217
Utilities	52,858	44,956
Bank charges	38,042	40,040
Advertising	34,671	49,581
Office expenses	30,821	36,598
Professional fees	26,721	4,485
Delivery expenses	24,840	15,519
Store expenses	23,134	17,220
Insurance	19,979	18,727
Event expenses	18,184	4,012
Charitable contributions	16,948	24,998
Equipment rental	4,539	3,366
Research and development	3,756	1,766
Outside services	2,479	2,908
Miscellaneous expenses	786	5,097
Operating expenses	634,505	605,902
Loss from operations	(187,967)	(260,527)
Other income (expenses)		
Government grants	280,155	165,628
Interest expense	(90,470)	(32,502)
Gain on sale of assets	5,000	-
Interest income	4,504	-
Miscellaneous income	9,834	-
Other income, net	209,023	133,126
Net loss before income tax provision	21,056	(127,401)
Income tax provision	(800)	(800)
Net income (loss) after tax provision	$ 20,256	$ (128,201)

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

Amy's Wicked Slush, Inc.

Statements of Stockholders' Deficits
For the Years Ended September 30, 2022 and 2021

	Common Stock*	Accumulated Deficits	Total
Balance, October 1, 2020	$ 395,000	$ (511,157)	$ (116,157)
Net loss		(128,201)	(128,201)
Balance, September 30, 2021	395,000	(639,358)	(244,358)
Net income		20,256	20,256
Balance, September 30, 2022	$ 395,000	$ (619,102)	$ (224,102)

* No par value; 1,000,000 shares of common stock authorized, 900,000 shares issued and outstanding.

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

Amy's Wicked Slush, Inc.

Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021

	2022	2021
	Increase (decrease) in cash	
Cash flows from operating activities		
Net income (loss)	$ 20,256	$ (128,201)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	124,076	125,795
Gain on sale of vehicle	(5,000)	-
Government loan forgiveness	(181,007)	(113,023)
Decrease (increase) in operating assets:		
Accounts receivable	(27,708)	(3,124)
Inventories	(17,777)	(60,874)
Advances to related party	794	(10,580)
Note receivable	(231,031)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(5,883)	53,100
Accrued interest	14,095	7,339
Deferred revenue	(6,637)	168
Net cash used in operating activities	(315,822)	(129,400)
Cash flows from investing activities		
Property and equipment acquisition	(10,381)	(49,735)
Proceeds from sale of vehicle	5,000	-
Intangible assets acquisition	-	(3,674)
Net cash used in investing activities	(5,381)	(53,409)
Cash flows from financing activities		
Payments on credit card debt	345	-
Proceeds from long-term debt	350,000	-
Principal payments on long-term debt	(50,209)	(105,202)
Proceeds from government forgivable loan	-	181,007
Net cash provided by financing activities	300,136	75,805
Net change in cash	(21,067)	(107,004)
Cash balance at beginning of year	69,801	176,805
Cash balance at end of year	$ 48,734	$ 69,801
Supplemental cash flow information		
Cash paid for -		
Interest	$ 74,225	$ 23,013
Taxes	$ 800	$ 800

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

Note 1. Nature of Business

Amy's Wicked Slush, Inc. (the "Company") is a California C corporation located in Healdsburg, California. The Company is a unique restaurant concept that brings classic Boston-style Slush (Italian Ice) to Northern California. In addition to Slush, which is made on the premises in artisanal small batch process, the Company sells Soft Serve Ice Cream in multiple flavors at its Healdsburg restaurant and private events.

The Company is also a registered franchisor in the state of California. Currently the Company has two franchisees located in Sonoma and Marin counties.

Note 2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

The Company offers limited credit to large customers. Account balances with invoices older than the agreed upon payment terms are considered delinquent. The Company accrues an allowance for doubtful accounts as they become realized as uncollectable. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectable. Recoveries of accounts receivable previously written off are recorded when received. As of September 30, 2022 and 2021, management has determined that all accounts receivable balances were collectable, and as such, no allowance for doubtful accounts was provided.

Inventory

Inventory consists of Slush and Soft Serve Ice Cream, food and beverages, equipment replacement parts, supplies, and merchandise inventory and is valued at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in first-out (FIFO) method. The Company regularly reviews its inventory quantities on hand. Inventory is written down at the time management determines that the net realizable value is below cost of inventory. As of September 30, 2022 and 2021, management has determined that no valuation allowance for inventory is necessary, and as such, no inventory reserve was provided.

Note 2. Significant Accounting Policies, *continued*

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	20 years
Furniture and fixtures	10 years
Machinery and equipment	5 years
Vehicles	3-5 years

Intangible Assets

Intangible assets include trademarks and logo design, and are amortized over 15 years. At September 30, 2022 and 2021, intangible assets were reported net of accumulated amortization in the amount of $27,075 and $17,725, respectively. Amortization expense for the year ended September 30, 2022 totaled $9,350 and $9,283, respectively. Future amortization for the years ending September 30 are as the following:

2023	$	9,350
2024		9,350
2025		9,350
2026		9,350
2027		9,350
Thereafter		66,431
	$	113,181

Deferred Revenue

Deferred revenue represents customer deposits for future events received in advance.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs charged to operations for the years ended September 30, 2022 and 2021 were $34,671 and $49,581, respectively.

Note 2. Significant Accounting Policies, *continued*

Sales Tax

The State of California imposes a sales tax on all of the Company's sales to nonexempt customers. The Company collects that sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

Revenue Recognition

Product Retail Sales

Product sales are recorded when products are delivered to customers. Provisions for discounts to customers and other adjustments are provided for in the same period and reported as a reduction of product sales.

Franchise Income

The Company enters into franchising agreements with franchisees, allowing franchisees to purchase the Company's products at wholesale price and resell at franchisees' premises, provided the franchisees follow the operating terms stipulated in the franchising agreements. Franchise income includes initial licensing fees, as well as monthly licensing fees over the terms of the franchising agreements calculated based on monthly sales of Company products sold by the franchisees. Franchise income for the years ended September 30, 2022 and 2021 includes the following:

	2022	2021
Products sales to franchisee, net	$ 61,598	$ 12,189
Monthly licensing fees	52,560	35,546
Initial licensing fees	30,000	-
Supplies	16,938	4,981
Delivery fees	3,960	3,720
	$ 165,056	$ 56,436

Research and Development

The Company expenses research and development costs as incurred. Research and development costs charged to operations for the years ended September 30, 2022 and 2021 totaled $3,756 and $1,766, respectively.

Note 2. Significant Accounting Policies, *continued*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of accounts receivable, reserve for slow-moving and obsolete inventories, estimated deferred tax assets and liabilities, and useful lives of fixed assets.

Income Taxes

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets, including tax loss and credit carryforwards and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that either some portion or all of the deferred tax assets will be fully realized.

The main components of the deferred tax assets is a result from operating loss carryforwards. As of September 30, 2022, the Company had available federal and state net operating loss (NOL) carryforwards of approximately $214,000 and $386,000, respectively. The NOL generated deferred tax assets approximating $156,000 at September 30, 2022. Based on the available objective evidence, including the Company's history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided a full valuation allowance against its net deferred tax assets at September 30, 2022.

The Company determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of September 30, 2022, management has reviewed the Company's tax positions and has concluded no reserve for uncertain tax position is required. The Company's income tax returns are subject to review through three years after the date of filing for federal and four years after the date of filing for California.

Note 2. Significant Accounting Policies, *continued*

Pronouncements Effective in the Future

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The adoption of ASU 2016-02 is effective for annual reporting periods that begin October 1, 2022 for the Company. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net asset balances.

Note 3. Inventories

Inventories consisted of the following at September 30:

	2022	2021
Slush and soft serve ice cream	$ 90,754	$ 90,895
Supplies	36,478	20,037
Equipment replacement parts	11,474	8,000
Merchandise	3,669	2,288
Food and beverages	421	3,799
	$ 142,796	$ 125,019

Note 4. Property and Equipment

Property and equipment consisted of the following at September 30:

	2022	2021
Computers and equipment	$ 484,444	$ 475,784
Leasehold improvements	179,010	179,475
Vehicles	89,953	110,216
	753,407	765,475
Less: accumulated depreciation	(446,041)	(355,914)
	$ 307,366	$ 409,561

Depreciation totaled $112,576 and $116,512 for the years ended September 30, 2022 and 2021, respectively.

Note 5. Government Forgivable Loans and COVID Relief

In April 2020, the Company applied for and received a Paycheck Protection Program ("PPP") loan in the amount of $123,023 through the Small Business Administration ("SBA") in relation to the coronavirus (COVID) pandemic. The loan is a forgivable loan if certain criteria are met. During the year ended September 30, 2020, the Company received partial forgiveness of the loan and recognized $10,000 as other income during the year ended September 30, 2020. During the year ended September 30, 2021, the Company received forgiveness for the remainder of the loan, and recorded $113,023 as government grants under other income in the Statements of Operations.

In July 2021, the Company applied for and received their second PPP loan in the amount of $181,007 through SBA. The loan bears annual interest of 1% and matures 2 years from issuance with payments deferred for the first 10 months. The loan is a forgivable loan if certain criteria are met. During the year ended September 30, 2022, the Company received full forgiveness of the second loan, and recorded $181,007 as government grants under other income in the Statements of Operations.

In addition to the PPP loans, the Company also received other government COVID relief, including employee retention credit in the amount of $99,148 received during the year ended September 30, 2022, and SBA and California COVID grants totaling $52,605 during the year ended September 30, 2021. COVID relief grants have been reported as part of the government grants in the Statements of Operations.

Note 6. Line of Credit

The Company has a revolving line of credit agreement with SBA through a commercial bank, allowing for borrowings up to $100,000 through September 2024. After the initial line of credit period, any outstanding borrowings will convert to a note payable, due October 1, 2029. Borrowings against the line bears variable interest at 2% plus the Wall Street Journal's prime rate (6.75% at September 30, 2022), and is guaranteed by a majority stockholder of the Company. The Company had $100,000 and $98,083 borrowed against the line as of September 30, 2022 and 2021, respectively.

Note 7. Long-term Debt Obligations

The Company's long-term debt obligations were the following at September 30:

	2022	2021
Note payable to SBA under Economic Injury Disaster Loan (EIDL) program; interest fixed at 3.75%; original maturity date at May 30, 2050, currently postponed to May 30, 2052; collateralized by all tangible assets owned by the Company, guaranteed by a majority stockholder of the Company; monthly principal and interest payments in the amount of $2,516.	$ 500,000	$ 150,000
Note payable to a commercial bank under an SBA program; variable interest at 2% plus Wall Street Journal's prime rate (6.75% at September 30, 2022); maturing August 16, 2029, requiring monthly principal and interest payments based on effective interest rate ($5,677 per month as of September 30, 2022); collateralized by all tangible assets owned by the Company, guaranteed by a major stockholder.	379,447	410,813
Unsecured note payable to an unrelated third party; bearing interest at 12% per annum; due December 31, 2023; requiring quarterly interest only payments in the amount of $1,500.	50,000	50,000
Note payable to a commercial bank under an SBA program; variable interest at 2% plus Wall Street Journal's prime rate (6.75% at September 30, 2022); maturing December 20, 2023; requiring monthly principal and interest payments based on effective interest rate ($1,296 per month as of September 30, 2022); collateralized by all tangible assets owned by the Company, guaranteed by a major stockholder.	19,277	31,121
Note payable to a financial institution; 0% interest; maturing May 31, 2023; collateralized by a vehicle; requiring monthly payment in the amount of $778.	-	6,999
Government forgivable loan (Note 5).	-	181,007
	$ 948,724	$ 829,940

Note 7. Long-term Debt Obligation, *continued*

Future maturities of the long-term debt under the debt agreements as of September 30, 2022 are as follows for the years ending September 30:

	Principal	Loan Origination Fees	Net Future Maturities
2023	$ 71,455	$ (2,150)	$ 69,305
2024	115,030	(2,150)	112,880
2025	63,099	(2,150)	60,949
2026	66,302	(2,150)	64,152
2027	69,670	(2,150)	67,520
Thereafter	563,168	(4,303)	558,865
	$ 948,724	$ (15,053)	$ 933,671

Scheduled future minimum payments are as follows for the years ending September 30:

	Principal	Interest	Total Minimum Payments
2023	$ 71,455	$ 44,235	$ 115,690
2024	115,030	36,016	151,046
2025	63,099	31,391	94,490
2026	66,302	27,705	94,007
2027	69,670	24,319	93,989
Thereafter	563,168	252,598	815,766
	$ 948,724	$ 416,264	$ 1,394,988

Note 8. Operating Lease Agreements

The Company leases its restaurant from a majority stockholder of the Company under a long-term operating lease agreement expiring September 1, 2029. The lease agreement calls for monthly rental payment in the amount of $7,500 and 50% of the well and septic expense incurred by the property. Total rent payments made to the related party was $80,500 and $109,921 for the years ended September 30, 2022 and 2021, respectively.

The Company leases an office and warehouse facility in Healdsburg from an unrelated party under an operating lease agreement expiring November 30, 2022. The lease agreement calls for monthly rental payments of $1,875, plus the Company's share of the common area operating expenses in the amount of $210 per month.

The Company also has a month-to-month lease agreement for additional parking space in Healdsburg for storage of vehicles and trailers for $140 per month.

Note 8. Operating Lease Agreements, *continued*

Future minimum lease payments are the following for the years ending September 30:

2023	$	94,170
2024		90,000
2025		90,000
2026		90,000
2027		90,000
Thereafter		180,000
	$	634,170

Total rent expense was $106,513 and $138,217 for the years ended September 30, 2022 and 2021, respectively.

Note 9. Receivable from Franchisee

In March 2022, the Company entered into a franchise agreement with an unrelated entity ("Franchisee"). The Company made advances to the Franchisee to pay for its start-up expenses, including the initial licensing fee, equipment purchases, and facility improvement. As of September 30, 2022, the Company made advances to the Franchisee totaling $231,031. The receivable bears interest at 5% per annum.

Note 11. Related Party Transactions

In addition to the lease agreement with a related party as discussed in Note 8, a majority stockholder also made advances to the Company from time to time to cover its cash flow needs. Due to timing of the transfers, the account balance due to the stockholder may generate a receivable balance. At September 30, 2022 and 2021, the Company has a receivable from the stockholder in the amount of $10,536 and $11,330, respectively.

Note 12. Subsequent Events

The Company evaluated subsequent events from October 1, 2022 through December 9, 2022, the date which the financial statements were available to be issued, and determined that there are no material subsequent events that required recognition or additional disclosure in these financial statements.

Amy's Wicked Slush, Inc.

Financial Statements

For the Year Ended
September 30, 2021
Together with Independent Auditors' Report

Amy's Wicked Slush, Inc.

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Independent Auditors' Report

To the Stockholders of
Amy's Wicked Slush, Inc.
Healdsburg, California

Opinions

We have audited the balance sheet of Amy's Wicked Slush, Inc. (the "Company") as of September 30, 2021, and were engaged to audit the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Disclaimer of Opinion on the Results of Operations and Cash Flows

We do not express an opinion on the results of operations and cash flows of Amy's Wicked Slush, Inc. for the year ended September 30, 2021. Because of the significance of the matter described in the Basis for Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows for the year ended September 30, 2021.

Opinion on the Financial Position

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of Amy's Wicked Slush, Inc. as of September 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We were not engaged as auditors of the entity until after September 30, 2020, and therefore, did not observe the counting of physical inventories at the beginning of the year. We were unable to satisfy ourselves by performing other auditing procedures concerning the inventory held at September 30, 2020. Since opening inventories enter into the determination of net income and cash flows, we were unable to determine whether any adjustments might have been necessary in respect of the profit for the year reported in the statement of operations and the net cash flows from operating activities reported in the cash flow statement.

We conducted our audit of the balance sheet in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Amy's Wicked Slush, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Amy's Wicked Slush, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with GAAS. However, because of the matters described in the Basis for Opinions section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Dillwood Burkel & Millar, LLP

Santa Rosa, California
December 1, 2021

Amy's Wicked Slush, Inc.

Balance Sheet
As of September 30, 2021

Assets	
Current assets	
Cash	$ 69,801
Accounts receivable	11,577
Inventories	125,019
Other current assets	11,330
Current assets	217,727
Property and equipment, net	409,561
Intangible assets, net	122,532
Deposits	2,100
Total assets	$ 751,920
Liabilities and stockholder's deficits	
Current liabilities	
Accounts payable and accrued expenses	$ 34,341
Line of credit and credit card payable	132,316
Accrued interest	7,339
Deferred revenue	9,545
Long-term debt, current portion net of unamortized loan fees	61,672
Current liabilities	245,213
Government forgivable loan	181,007
Long-term debt, net of current portion and unamortized loan fees	570,058
Total liabilities	996,278
Stockholders' deficits	(244,358)
Total liabilities and stockholder's deficits	$ 751,920

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

Amy's Wicked Slush, Inc.

Statement of Operations
For the Year Ended September 30, 2021

Revenue	
Product sales, net	$ 1,032,810
Cost of goods sold	(743,871)
	288,939
Franchise income, net	56,436
Net revenue	345,375
Operating expenses	
Facility rental	138,217
Depreciation and amortization	125,795
Salaries and payroll taxes	72,617
Advertising	49,581
Utilities	44,956
Bank charges	40,040
Office expenses	36,598
Charitable contributions	24,998
Store expenses	20,128
Insurance	18,727
Travel and entertainment	15,519
Miscellaneous expenses	5,097
Professional fees	4,485
Event expenses	4,012
Equipment rental	3,366
Research and development	1,766
Operating expenses	605,902
Loss from operations	(260,527)
Other income (expenses)	
Government grants	165,628
Interest expense	(32,502)
Other income, net	133,126
Net loss before income tax provision	(127,401)
Income tax provision	(800)
Net loss after tax provision	$ (128,201)

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

Amy's Wicked Slush, Inc.

Statement of Stockholders' Deficits
For the Year Ended September 30, 2021

	Common Stock*	Accumulated Deficits	Total
Beginning Balance (restated)	$ 395,000	$ (511,157)	$ (116,157)
Net loss		(128,201)	(128,201)
Ending Balance	$ 395,000	$ (639,358)	$ (244,358)

* No par value; 1,000,000 shares of common stock authorized, 900,000 shares issued and outstanding.

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

Amy's Wicked Slush, Inc.

Statement of Cash Flows
For the Year Ended September 30, 2021

	Increase (decrease) in cash
Cash flows from operating activities	
Net loss	$ (128,201)
Adjustments to reconcile net loss to net cash used in operating activities:	
Government loan forgiveness	(113,023)
Depreciation and amortization	125,795
Decrease (increase) in operating assets:	
Accounts receivable	(3,124)
Related party receivable	(11,230)
Inventories	(60,874)
Other current assets	650
Increase in operating liabilities:	
Accounts payable and accrued expenses	53,100
Accrued interest	7,339
Deferred revenue	168
Net cash used in operating activities	(129,400)
Cash flows from investing activities	
Intangible assets acquisition	(3,674)
Property and equipment acquisition	(49,735)
Net cash used in investing activities	(53,409)
Cash flows from financing activities	
Proceeds from government forgivable loan	181,007
Principal payments on long-term debt	(105,202)
Net cash provided by financing activities	75,805
Net change in cash	(107,004)
Cash balance at beginning of year	176,805
Cash balance at end of year	$ 69,801
Supplemental cash flow information	
Cash paid for -	
Interest	$ 23,013
Taxes	$ 800

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

Note 1. Nature of Business

Amy's Wicked Slush, Inc. (the "Company") is a California C corporation located in Healdsburg, California. The Company is a unique restaurant concept that brings classic Boston-style Slush (Italian Ice) to Northern California. In addition to Slush, which is made on the premises in artisanal small batch process, the Company sells Soft Serve Ice Cream in multiple flavors, as well as a limited number of authentic Boston-style savory food items at its Healdsburg restaurant and private events.

Note 2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

The Company offers limited credits to large customers. Account balances with invoices older than the agreed upon payment terms are considered delinquent. The Company accrues an allowance for doubtful accounts as they become realized as uncollectable. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectable. Recoveries of accounts receivable previously written off are recorded when received. As of September 30, 2021, management has determined that all accounts receivable balances were collectable, and as such, no allowance for doubtful accounts was provided.

Inventory

Inventory consists of Slush and Soft Serve Ice Cream, food and beverages, equipment replacement parts, supplies and merchandise inventory and is valued at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. The Company regularly reviews its inventory quantities on hand. Inventory is written down at the time management determines that the net realizable value is below cost of inventory. As of September 30, 2021, management has determined that no valuation allowance for inventory is necessary, and as such, no inventory reserve was provided.

Note 2. Significant Accounting Policies, ***continued***

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	20 years
Furniture and fixtures	10 years
Machinery and equipment	5 years
Vehicles	3-5 years

Intangible Assets

Intangible assets include trademarks and logo design, and are amortized over 15 years. At September 30, 2021, intangible assets were reported net of accumulated amortization in the amount of $17,725. Amortization expense for the year ended September 30, 2021 totaled $9,283. Future amortization for the years ending September 30 are as the following:

2022	$	9,350
2023		9,350
2024		9,350
2025		9,350
2026		9,350
Thereafter		75,782
	$	122,532

Deferred Revenue

Deferred revenue represents customer deposits for future events received in advance.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs charged to operations for the year ended September 30, 2021 were $49,581.

Sales Tax

The State of California imposes a sales tax on all of the Company's sales to nonexempt customers. The Company collects that sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

Note 2. Significant Accounting Policies, ***continued***

Revenue Recognition

Product Sales

Product sales are recorded when products are delivered to customers. Provisions for discounts to customers and other adjustments are provided for in the same period and reported as a reduction of product sales.

Franchise Income

The Company enters into franchising agreements with franchisees, allowing franchisees to purchase the Company's products at wholesale price and resell at franchisees' premises, provided the franchisees follow the operating terms stipulated in the franchising agreements. Over the terms of the franchising agreements, licensing fees are billed and recognized at the end of each month based on the amount of Company products sold by the franchisees.

Income Taxes

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets, including tax loss and credit carryforwards and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that either some portion or all of the deferred tax assets will be fully realized.

The main components of the deferred tax asset resulting from operating loss carryforwards. As of September 30, 2021, the Company had available federal and state net operating loss (NOL) carryforwards approximately $231,000 and $225,000, respectively. The NOL generated deferred tax assets approximating $43,000 at September 30, 2021. Based on the available objective evidence, including the Company's history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided a full valuation allowance against its net deferred tax assets at September 30, 2021.

The Company determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of September 30, 2021, management has reviewed the Company's tax positions and has concluded no reserve for uncertain tax position is required. The Company's income tax returns are subject to review through three years after the date of filing for federal and four years after the date of filing for California.

Note 2. Significant Accounting Policies, *continued*

Research and Development

The Company expenses research and development costs as incurred. Research and development costs charged to operations for the year ended September 30, 2021 totaled $1,766.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of accounts receivable, reserve for slow-moving and obsolete inventories, estimated deferred tax assets and liabilities, and useful lives of fixed assets.

Pronouncements Effective in the Future

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The adoption of ASU 2016-02 is effective for annual reporting periods that begin October 1, 2022 for the Company. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

Note 3. Beginning Balance Restatement

During the preparation of the financial statements as of and for the year ended September 30, 2021, a couple of errors were noted in the account balances as of September 30, 2020. The errors were related to accumulated depreciation and the accounting for the government forgivable loan that was forgiven subsequent to September 30, 2020. As such, prior period adjustments were recorded to restate the beginning balances as of October 1, 2020. The following reflects the previously reported and the restated accumulated stockholders' deficits at October 1, 2020.

Previously reported balance	$	548,836
Adjustment for accumulated depreciation		(150,702)
Adjustment for loan forgiven subsequent to year-end		113,023
Restated balance	$	511,157

Note 4. Inventories

Inventories consisted of the following at September 30, 2021:

Slush and Soft Serve Ice Cream	$	90,895
Supplies		20,037
Equipment replacement parts		8,000
Food and beverages		3,799
Merchandise		2,288
	$	125,019

Note 5. Property and Equipment

Property and equipment consisted of the following at September 30, 2021:

Computers and equipment	$	475,784
Leasehold improvements		179,475
Vehicles		110,216
		765,475
Less: accumulated depreciation		(355,914)
	$	409,561

Depreciation totaled $116,512 for the year ended September 30, 2021.

Note 6. Government Forgivable Loans

In April 2020, the Company applied for and received a Paycheck Protection Program ("PPP") loan in the amount of $123,023 through the Small Business Administration ("SBA") in relation to the coronavirus pandemic (See Note 10). The loan is a forgivable loan if certain criteria are met. During the year ended September 30, 2020, the Company received partial forgiveness of the loan and recognized $10,000 as other income during the year ended September 30, 2020. During the year ended September 30, 2021, the Company received forgiveness for the remainder of the loan, and recorded $113,023 as government grants under other income in the Statement of Operations.

In July 2021, the Company applied for and received their second PPP loan in the amount of $181,007 through SBA. The loan bears annual interest of 1% and matures 2 years from issuance with payments deferred for the first 10 months. The loan is a forgivable loan if certain criteria are met. The Company believes that they have met this criteria and expect the second PPP loan to be fully forgiven.

Note 7. Line of Credit

The Company has a revolving line of credit agreement with SBA through a commercial bank, allowing for borrowings up to $100,000 through September 2024. After the initial line of credit period any outstanding borrowings will convert to a note payable, due October 1, 2029. Borrowings against the line bears variable interest at 2% plus the Wall Street Journal's prime rate (5.25% at September 30, 2021), and is guaranteed by a majority stockholder of the Company. The Company had $98,083 borrowed against the line as of September 30, 2021.

Note 8. Long-term Debt Obligations

The Company's long-term debt obligations were the following at September 30, 2021:

Note payable to a commercial bank under an SBA program, variable interest at 2% plus Wall Street Journal's prime rate (5.25% at September 30, 2021), maturing August 16, 2029, requiring monthly principal and interest payments based on effective interest rate ($5,188 per month as of September 30, 2021), collateralized by all tangible assets owned by the Company, guaranteed by a majority stockholder.	$ 410,813
Note payable to SBA under the Economic Injury Disaster Loan (EIDL) program, interest fixed at 3.75%, original maturity date at May 30, 2050, currently postponed to May 30, 2052, collateralized by all tangible assets owned by the Company, guaranteed by a majority stockholder of the Company, monthly principal and interest payments in the amount of $731 will begin June 1, 2022.	150,000
Unsecured note payable to an unrelated third party, bearing interest at 12% per annum, due December 31, 2023, requiring quarterly interest only payments in the amount of $1,500.	50,000
Note payable to a commercial bank under an SBA program, variable interest at 2% plus Wall Street Journal's prime rate (5.25% at September 30, 2021), maturing December 20, 2023, requiring monthly principal and interest payments based on effective interest rate ($1,235 per month as of September 30, 2021), collateralized by all tangible assets owned by the Company, guaranteed by a majority stockholder.	31,121
Note payable to a financial institution, 0% interest; maturing May 31, 2023; collateralized by a vehicle, requiring monthly payment in the amount of $778.	6,999
Government forgivable loan (Note 6).	181,007
	$ 829,940

Note 8. Long-term Debt Obligation, *continued*

Future maturity of the long-term debt under the debt agreements as of September 30, 2021 are as follows for the years ending September 30:

	Principal	Loan Origination Fees	Net Future Maturities
2022	$ 63,822	$ (2,150)	$ 61,672
2023	240,992	(2,150)	238,842
2024	101,981	(2,150)	99,831
2025	50,912	(2,150)	48,762
2026	57,068	(2,150)	54,918
Thereafter	315,165	(6,453)	308,712
	$ 829,940	$ (17,203)	$ 812,737

Scheduled future minimum payments are as follows for the years ending September 30:

	Principal	Interest	Total Minimum Payments
2022	$ 63,822	$ 31,219	$ 95,041
2023	240,992	33,906	274,898
2024	101,981	26,294	128,275
2025	50,912	22,158	73,070
2026	57,068	16,002	73,070
Thereafter	315,165	92,570	407,735
	$ 829,940	$ 222,149	$ 808,436

Note 9. Operating Lease Agreements

The Company leases its restaurant from a majority stockholder of the Company under a long-term operating lease agreement expiring September 1, 2029. The lease agreement calls for monthly rental payment in the amount of $7,500 and 50% of the well and septic expense incurred by the property. Total rent payment made to the related party was $109,921 for the year ended September 30, 2021.

The Company leases office and warehouse facility in Healdsburg from an unrelated party under an operating lease agreement expiring November 30, 2022. The lease agreement calls for monthly rental payment of $1,875, plus the Company's share of the common area operating expenses in the amount of $210 per month.

The Company also has a month-to-month lease agreement for additional parking space in Healdsburg for storage of vehicles and trailers for $140 per month.

Note 9. Operating Lease Agreements, *continued*

Future minimum lease payments are the following for the years ending September 30:

2022	$ 115,020
2023	94,170
2024	90,000
2025	90,000
2026	90,000
Thereafter	270,000
	$ 749,190

Total rent expense was $138,217 for the year ended September 30, 2021.

Note 10. Contingencies

On March 11, 2020, The World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

Although the impact to the Company's operations was limited through September 30, 2021, operations and business results of the Company could be materially adversely affected in the future, including a reduction in revenues, or an impact to the timing of cash flows. Further, some significant estimates, such as the collectability of accounts receivable, may be materially adversely impacted by national, state and local events necessary to contain the coronavirus. Throughout the pandemic, the Company has implemented safety measures to protect employees and will continue to review them as needed.

It is at least reasonably possible that this matter will negatively impact the Company. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 11. Related Party Transactions

In addition to the lease agreement with a related party as discussed in Note 9, a majority stockholder also made advances to the Company from time to time to cover its cash flow needs. Due to timing of the transfers, the account balance due to the stockholder may generate a receivable balance. At September 30, 2021, the Company has a receivable from the stockholder in the amount of $11,330.

Note 12. Subsequent Events

The Company evaluated subsequent events from October 1, 2021 through December 1, 2021 the date which the financial statements were available to be issued, and determined that there are no material subsequent events that required recognition or additional disclosure in these financial statements.

AMY'S WICKED SLUSH, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

SEPTEMBER 30, 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Shareholders of
Amy's Wicked Slush, Inc.
Healdsburg, California

We have reviewed the accompanying financial statements of Amy's Wicked Slush, Inc., which comprise the balance sheet as of September 30, 2020, and the related statements of income and retained earnings and cash flows for the twelve months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Goranson and Associates, Inc.

February 11, 2021
Santa Rosa, California

Goranson and Associates, Inc.
7 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

AMY'S WICKED SLUSH, INC.
BALANCE SHEET
SEPTEMBER 30, 2020

ASSETS

Current assets:		
Cash and cash equivalents	$	176,804
Accounts receivable		8,453
Inventory		64,144
Other current assets		100
Total current assets		249,501
Fixed assets:		
Intangible Assets		161,118
Improvements		166,765
Machinery and equipment		601,347
Vehicles		18,912
Subtotal		948,142
Less accumulated depreciation		(435,570)
Net fixed assets		512,572
Other assets:		
Deposits		2,750
Total assets	$	764,823

LIABILITIES AND EQUITY

Current liabilities:		
Accounts payable	$	14,753
Other liabilities		67,502
Current portion of notes payable		55,706
Total current liabilities		137,961
Long-term liabilities:		
Notes payable		780,698
Total liabilities		918,659
Equity:		
Capital stock		395,000
Retained earnings		(548,836)
Total equity		(153,836)
Total liabilities and equity	$	764,823

AMY'S WICKED SLUSH, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

INCOME:		
Retail Sales	$	1,003,368
Wholesale Revenue		116,845
Licensing Revenue		54,681
Total sales		1,174,894
Cost of Goods Sold		(851,505)
Gross Profit		323,389
EXPENSES		
General and administrative personnel costs		142,236
General and administrative operating expenses		321,711
Total expenses		463,947
Net loss from operations		(140,558)
OTHER EXPENSE		
Charitable Contributions		9,777
Interest Expense		26,065
Depreciation Expense		90,558
Total other expense		(126,400)
Net loss		(266,958)
Retained earnings, beginning		(281,878)
Retained earnings, ending	$	(548,836)

AMY'S WICKED SLUSH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(266,958)
Adjustments to reconcile change in net		
assets to cash from operations		
Depreciation and amortization		90,558
(Increase) decrease in:		
Accounts receivable		22,269
Inventory		8,052
Other Assets		150
Increase (decrease) in:		
Accounts payable and other liabilities		25,655
Total cash provided by operations		(120,274)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change of fixed assets		179,648
Total cash used by investing activities		(179,648)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additional capital stock paid in		155,000
Net proceeds on notes payable		91,848
CARES Act COVID-19 Relief Received		224,445
Total cash provided by financing activities		471,293
NET CHANGE IN CASH		171,371
CASH, beginning of year		5,433
CASH, end of year	$	176,804

The accompanying notes are an integral part of these financial statements

AMY'S WICKED SLUSH, INC.
NOTES TO FINANCIAL
STATEMENTS SEPTEMBER 30, 2020

NOTE 1 ORGANIZATION

Amy's Wicked Slush, Inc. (Company) is a unique restaurant concept that brings classic Boston-style Slush (Italian Ice) to Sonoma County. In addition to Slush, which is made on the premises in artisanal small batch process, the Company sells Soft Serve Ice Cream in multiple flavors and a limited number of authentic Boston-style savory food items. The Company is in the process of franchising, and currently has a wholesale and licensing arrangement with another location in Petaluma, California.

In 2019, the Company changed the fiscal year end from December 31 to September 30.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash Equivalents - For purposes of the statement of cash flows, the Company considers all funds with a maturity of three months or less to be cash equivalents.

Trade Accounts Receivable - Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. All amounts are deemed to be collectible at September 30, 2020.

Intangible Assets - Intangible assets (trademarks) subject to amortization include in-force leasehold costs, which are being amortized on a straight-line basis over three years.

Property and Equipment - Property and equipment are stated at cost. Depreciation is calculated using straight-line methods over the assets' estimated useful lives. Estimated useful lives for vehicles are five to seven years, for equipment is five to ten years, for furniture and fixtures is five to seven years, and for leasehold improvements is ten to thirty nine years.

Inventory - Inventories are stated at average cost. Physical inventory counts take place monthly throughout the year.

Presentation of Sales Taxes - The State of California imposes a sales tax on all of the Company's sales to nonexempt customers. The Company collects that sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition – The Company recognizes income as earned.

Income Tax Status - The Company, with the consent of its shareholders, elected under the Internal Revenue Code to revoke its S corporation election and status as of October 1, 2019.

Advertising - The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Use of Estimates - The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in these financial statements include the balance sheet amounts for costs and estimated earnings in excess of billings on uncompleted contracts and billings in excess of costs and estimated earnings in uncompleted contracts. It is reasonably possible for these estimates to change in the near term or for actual results to differ from these estimates.

NOTE 3 LINE OF CREDIT AND NOTES PAYABLE

The Company has an SBA-guaranteed line of credit with Exchange Bank that originated in December 2016 and matures in December 2026. The interest rate is 7.75 percent and the total of the line of credit able to be drawn in $50,000. The balance at September 30, 2020 is $ 40,696.

The Company has a second SBA-guaranteed line of credit with Exchange Bank that originated October 2019 and matures September 2029. The interest rate is 7.75 percent and the total amount of the line of credit able to be drawn is $100,000. The balance at September 30, 2020 is $99,978.

The Company has a note payable with WebBank that originated in December 2019. The original amount of the loan was $100,000. The interest rate is 7.75%. The balance of the loan at September 30, 2020 is $54,354.

The Company has an SBA-guaranteed note payable with Exchange Bank that originated in September 2019 and matures September 2029. The interest rate is 7.75%. The balance at September 30, 2020 is $445,320.

The Company has a note payable to a private party that originated in February 2020 for $50,000. The interest rate is 10%. The Company pays interest quarterly, with principal due and payable in February 2024.

NOTE 3 LINE OF CREDIT AND NOTES PAYABLE, continued

Minimum payments at September 30 are:

FYE	September 2021	$ 55,706
	September 2022	95,465
	September 2023	95,465
	September 2024	138,701
	Thereafter	216,154
	Total	$601,491

As part of the CARES Act, the SBA made all payments on Company's SBA-guaranteed lines or credit and notes payable from June through December, 2020. The most recent round of COVID-19 Relief provides that the SBA will make Company's monthly payments on all SBA-guaranteed lines of credit and notes payable through October 2021. These payments are not taxable income to Company, nor are they subject to repayment.

NOTE 4 LEASE COMMITMENTS

The Company leases commercial property in Healdsburg from a Shareholder. The lease commenced December 2016 on a month to month basis. Rent is $7,500 per month but the amount varies based on the loan payment of the Shareholder. Rent expense for this property is $64,000 for the year ended September 30, 2020. The Company also leases warehouse space from an unrelated party. Rent expense for this property is $22,712 for the year ended September 30, 2020.

NOTE 5 ADVERTISING

Advertising and promotional expenses for the year ended September 30, 2020 amounted to

$38,400.

NOTE 6 RELATED PARTY TRANSACTIONS

The Company leases space from a Shareholder as seen in Note 4.

NOTE 7 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 11, 2021, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to September 30, 2020 that would have a material impact on the Company's results of operations or financial position.

WICKED SLUSH, INC.

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2019

Goranson and Associates, Inc.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Shareholder of
Wicked Slush, Inc.
Healdsburg, California

We have reviewed the accompanying financial statements of Wicked Slush, Inc. (an S corporation), which comprise the balance sheet as of September 30, 2019, and the related statements of income and retained earnings and cash flows for the nine months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Goranson and Associates, Inc.

December 17, 2019
Santa Rosa, California

Goranson and Associates, Inc.
717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

WICKED SLUSH, INC.
BALANCE SHEET
SEPTEMBER 30, 2019
See Independent Accountant's Review Report

ASSETS		
Current assets:		
Cash and cash equivalents	$	5,433
Accounts receivable		30,722
Inventory		72,196
Other current assets		315,000
Total current assets		423,351
Fixed assets:		
Loan fees		21,504
Improvements		117,230
Machinery and equipment		527,516
Trademarks		11,685
Subtotal		677,935
Less accumulated depreciation		(345,012)
Net fixed assets		332,923
Other assets:		
Deposits		3,000
Total assets	$	759,274
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$	27,552
Other liabilities		38,784
Current portion of notes payable		45,966
Total current liabilities		112,302
Long-term liabilities:		
Notes payable		688,850
Total liabilities		801,152
Equity:		
Capital stock		240,000
Retained earnings		(281,878)
Total equity		(41,878)
Total liabilities and equity	$	759,274

The accompanying notes are an integral part of these financial statements

WICKED SLUSH, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
See Independent Accountant's Review Report

INCOME:	
Sales	$ 849,979
Mobile events	176,109
Wholesale income	116,599
Total sales	1,142,687
Cost of sales	(310,074)
Gross profit	832,613
EXPENSES	
General and administrative personnel costs	508,422
General and administrative operating expenses	277,178
Total expenses	785,600
Net profit from operations	47,013
OTHER INCOME	
Licensing fees	20,467
Gain (loss) on sale of an asset	29,721
Other income	8,588
Total other income	58,776
Net profit before depreciation	105,789
OTHER EXPENSE	
Depreciation	38,845
Net gain	66,944
Retained earnings, beginning	(343,822)
Plus additional paid in capital stock	235,000
Retained earnings, ending	$ (41,878)

The accompanying notes are an integral part of these financial statements

WICKED SLUSH, INC.
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
See Independent Accountant's Review Report

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net gain	$	37,223
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization		38,845
(Gain)/loss on disposal of assets		29,721
(Increase) decrease in:		
Accounts receivable		(24,764)
Inventory		(18,856)
Deposits		(3,000)
Increase (decrease) in:		
Accounts payable and other liabilities		24,490
Total cash provided by operations		83,659
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change of fixed assets		(191,590)
Total cash used by investing activities		(191,590)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Undistributed note payable funds		(315,000)
Additional capital stock paid in		240,000
Net (proceeds) payments on notes payable		139,629
Total cash provided by financing activities		64,629
NET CHANGE IN CASH		(43,302)
CASH, beginning of year		48,735
CASH, end of year	$	5,433
Supplemental information:		
Cash paid for interest	$	3,405

The accompanying notes are an integral part of these financial statements

NOTE 1 ORGANIZATION

Wicked Slush, Inc. dba Amy's Wicked Slush (Company) is a unique restaurant concept that brings classic Boston-style Slush (Italian Ice) to Sonoma County. In addition, Slush, which is made on the premises in artisanal small batch process, the Company sells Soft Serve Ice Cream in multiple flavors and a limited number of authentic Boston-style savory food items. The Company is in the process of franchising, and currently has a wholesale and licensing arrangement with another location in Petaluma, California.

In 2019, the Company changed the fiscal year end from December 31 to September 30.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash Equivalents - For purposes of the statement of cash flows, the Company considers all funds with a maturity of three months or less to be cash equivalents.

Trade Accounts Receivable - Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. All amounts are deemed to be collectible at September 30, 2019.

Intangible Assets - Intangible assets (trademarks) subject to amortization include in-force leasehold costs, which are being amortized on a straight-line basis over three years.

Property and Equipment - Property and equipment are stated at cost. Depreciation is calculated using straight-line methods over the assets' estimated useful lives. Estimated useful lives for vehicles are five to seven years, for equipment is five to ten years, for furniture and fixtures is five to seven years, and for leasehold improvements is ten to thirty nine years.

Inventory - Inventories are stated at average cost. Partial physical inventory counts take place throughout the nine months. A complete physical inventory takes place once a year after the fiscal yearend.

Presentation of Sales Taxes - The State of California imposes a sales tax on all of the Company's sales to nonexempt customers. The Company collects that sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition – The Company recognizes income as earned.

S Corporation-Income Tax Status - The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporate income taxes, the shareholders 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.

Advertising - The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Use of Estimates - The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in these financial statements include the balance sheet amounts for costs and estimated earnings in excess of billings on uncompleted contracts and billings in excess of costs and estimated earnings in uncompleted contracts. It is reasonably possible for these estimates to change in the near term or for actual results to differ from these estimates.

NOTE 3 LINE OF CREDIT AND NOTES PAYABLE

The Company has a line of credit with Exchange Bank that originated December 2016 and matures January 2024. The interest rate is 7.75 percent and the total amount of the line of credit able to be drawn is $50,000. The balance at September 30, 2019 is $47,336.

The Company has a line of credit with WebBank that originated prior to 2018 with an interest rate of 7.75 percent and the loan is paid off at September 30, 2019.

The Company has a note payable for a piece of equipment with Exchange Bank that originated During the current period, the loan was increased to $767,300 to include a property loan. The balance at September 30, 2019 is $53,835

The Company has a note payable that originated September 2019 and matures September 2029. Interest is 7 percent. The balance at September 30, 2019 is $642,000.

WICKED SLUSH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3 LINE OF CREDIT AND NOTES PAYABLE, continued

The Company has a line of credit that originated September 2019 and matures October 2029. The interest rate is 7 percent and the amount to be drawn is $100,000. There is no balance at September 30, 2019.

Minimum payments at September 30 are:

2020	$ 45,966
2020	49,289
2021	52,852
2022	56,673
2023	60,770
Thereafter	469,266
Total	$ 734,816

NOTE 4 LEASE COMMITMENTS

The Company leases commercial property in Healdsburg from the Shareholder. The lease commenced December 2016 on a month to month basis. Rent is $5,500 per month but the amount varies based on the loan payment of the Shareholder. Rent expense is $68,032 for the nine months ended September 30, 2019.

NOTE 5 ADVERTISING

Advertising and promotional expenses for the nine months ended September 30, 2019 amounted to $35,350.

NOTE 6 RELATED PARTY TRANSACTIONS

The Company leases space from the Shareholder as seen in Note 4.

WICKED SLUSH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through December 17, 2019, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to September 30, 2019 that would have a material impact on the Company's results of operations or financial position other than the Company revoked the S-Corporation status effective October 1, 2019.

13840 Healdsburg Ave.
Healdsburg, CA 95448
(707)431-9253 (WCKD)

December 17, 2019

Goranson and Associates, Inc.
717 College Avenue, First Floor
Santa Rosa, CA 95404

We are providing this letter in connection with your review of the financial statements of Wicked Slush, Inc., which comprise the balance sheet as of September 30, 2019, and the related statements of income and retained earnings, and cash flows for the nine months then ended, and the related notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 17, 2019, the following representations made to you during your review.

1. We acknowledge our responsibility and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as set out in the terms of the engagement.
2. We have made available to you all—
   a. Financial records and related data, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements.
   b. Minutes of the meetings of stockholders, directors, and committees of directors (or other similar bodies, as applicable), or summaries of actions of recent meetings for which minutes have not yet been prepared.
   c. Additional information you have requested from us for the purpose of the review.
   d. Unrestricted access to company personnel from whom you determined it necessary to obtain review evidence.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. All transactions have been recorded and have been properly reflected in the financial statements.
5. There are no uncorrected misstatements.
6. We acknowledge and have fulfilled our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. We acknowledge our responsibility for designing, implementing, and maintaining internal control to prevent and detect fraud.

8. We have no knowledge of any fraud or suspected fraud affecting the company involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.

9. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements as a whole communicated by employees, former employees, analysts, regulators, or others.

10. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

11. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

12. The following have been properly recorded or disclosed in the financial statements:

    a. Related-party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.

    b. Guarantees, whether written or oral, under which the company is contingently liable.

    c. Commitments to purchase or sell investments or agreements to repurchase assets previously sold.

    d. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with *FASB ASC 275, Risks and Uncertainties* .

13. There are no—

    a. Known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

    b. Actual or possible claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB ASC 450, Contingencies .

    c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, Contingencies .

14. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.

15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

16. We believe significant assumptions used by me (us) in making accounting estimates, including those measured at fair value, are reasonable in the circumstances.

17. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the Company's accounts.

18. We have disclosed to you all information relevant to the use of the going concern assumption in the financial statements.

19. No events have occurred subsequent to the date of the company's financial statements and through the date of this letter that would require adjustments to, or disclosure in, the aforementioned financial statements.

20. We have responded fully and truthfully to all inquiries made to us by you during your review.

21. In regards to the financial statement preparation services performed by you, we have:

- Assumed all management responsibilities.
- Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

22. The Company's books and records are complete.

Signature: ____________________ Signature: ____________________

Title: PRESIDENT Title: ____________________

Exhibit C

CONFIDENTIALITY AGREEMENT (OPERATIONS MANUAL)

This Confidentiality Agreement dated as of ____________________, 202____ by and between the undersigned ("You" and "Your") and Amy's Wicked Slush, Inc. ("Franchisor"), with respect to Your request to review its Operations Manual ("Manual") prior to purchasing a franchise.

1. Franchisor agrees to allow You to review the Manual in consideration of Your execution of this Agreement.

2. You agree that the Franchisor considers the Manual to be confidential and proprietary information which may not be disclosed to other parties. Accordingly, You agree that You will not disclose its contents in whole or part to any other person without the prior written consent of the Franchisor. You will not make retain any copies or reproductions of any nature of the Manual.

3. You acknowledge that the restrictions contained in this Agreement are reasonable and necessary to protect Franchisor's legitimate interests in the Manual and that any breach by You of this Agreement will result in irreparable injury to Franchisor for which a remedy at law would be inadequate. Accordingly, You agree that Franchisor shall be entitled to temporary, preliminary and permanent injunctive relief against You, without the necessity of posting bond, in the event of any breach or threatened breach by You of this Agreement, in addition to any other remedy that may be available to Franchisor whether at law or in equity.

AGREED:

____________________________ Printed Name: ________________________

Amy's Wicked Slush, Inc.

By: ______________________________

Title: ____________________________

Exhibit D

LIST OF AGENTS FOR SERVICE OF PROCESS

STATE	AGENTS FOR SERVICE FOR PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677 Amy Covin 230 Pheasant Drive Healdsburg, CA 95448

If a state is not listed, Amy's Wicked Slush, Inc. has not appointed an agent for service of process in that state in connection with the requirements of franchise laws.

Exhibit E

LIST OF STATE ADMINISTRATORS

STATE	REGULATORY AUTHORITIES
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677

Exhibit F

California State Addendum

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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.

The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be fully enforceable under California law.

You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

Neither franchisor nor any person listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling this or these persons from membership in such association or exchange.

Section 31125 of the California Corporations Code requires the Franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise.

OUR WEBSITE at WWW.AMYSWICKEDSLUSH.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~BUSINESS OVERSIGHT~~ FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT https://dfpi.ca.gov/.

The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.

You must purchase some of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates or suppliers that the franchisor designates at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

The highest interest rate allowed by law for Late Payments in the State of California is 10% annually.

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

No disclaimer, questionnaire, clause, or statement signed by a franchise in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Item 5 is amended to include the following:

> "The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business."

Exhibit G

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	March 23, 2021

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provision of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Amy's Wicked Slush, 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.

If Amy's Wicked Slush, 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 a federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and State of California – Department of Financial Protection and Innovation.

The name and principal business address and telephone number of each franchise seller offering the franchise are listed below:

Amy Covin
13840 Healdsburg Avenue
Healdsburg, CA 95448
(707) 327-6669 mobile

Issuance Date: December 1, 2022

The registered agent for Amy's Wicked Slush is:

Amy Covin
230 Pheasant Drive
Healdsburg, CA 95448

I received the disclosure document dated December 1, 2022 that included the following Exhibits:

A. Franchise Agreement and its Exhibits:
    a. Exhibit A – Guarantee, Indemnification and Acknowledgment
    b. Exhibit B – Data Sheet
    c. Exhibit C-1 – Site Selection Addendum
    d. Exhibit C-2 – Site Selection Addendum for Shopping Mall Locations
    e. Exhibit D – Consent and Agreement of Lessor, Conditional Assignment of Lease
B. Financial Statements
C. Confidentiality Agreement for Operations Manual
D. List of Agents for Service of Process
E. List of State Administrators
F. California Addendum
G. State Effective Dates
Receipts

______________________________ ____________

(Prospective Franchisee) (Dated)

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Receipts

______________________________ ________________
(Prospective Franchisee) (Dated)