CAFÉ & BAKERY GROUP, LLC

FRANCHISE DISCLOSURE DOCUMENT

APPLE SPICE®

™

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Café & Bakery Group, LLC
A Utah Limited Liability Company
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APPLE SPICE®

As a franchisee, you will operate a box lunch delivery and catering business under the name "Apple Spice®."

The total investment necessary to begin operation of a single Apple Spice® territory with one kitchen facility is between $393,440 and $571,640. This includes $86,640 to $92,640 that must be paid to the franchisor or affiliate for a Franchise Business with one Unit (facility and kitchen). In the event you purchase multiple contiguous territories as part of your Franchise Business, the total investment will increase by the amount of each additional territory you purchase.

The total investment necessary to begin operation of a single Apple Spice Franchise with three territories is between $478,940 and $807,640. This includes $162,640 to $168,640 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate regarding 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 Jacque Beames at 2250 South 1300 West, Suite A, Salt Lake City, Utah 84119 and 801-433-3030.

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

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

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

Issuance Date: **June 9, 2025**

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Exhibit A for the State Specific Addenda.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-state dispute resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in Utah. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Utah than in your own state.

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

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

5. **Unregistered Trademark.** The primary logo that you will use in your business is not federally-registered. If the Franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.

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

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

The name of the franchisor is Café & Bakery Group, LLC. In this disclosure document "us," "we," "our," or "CBG" means Café & Bakery Group, LLC. "You" or "yours" means the person, individually and collectively, who buys the franchise from us and includes the current and future owners of the franchisee that is a corporation, partnership or other entity. If you are a corporation, partnership or other entity, your owners must sign an agreement that all provisions apply to your owners and they must personally guarantee and be personally bound by your obligations under the franchise agreement.

Franchisor

Our limited liability company was organized on October 19, 2011 in the State of Utah under the name Café & Bakery Group, LLC. Our principal business and mailing address is 2250 South 1300 West, Suite A, Salt Lake City, Utah 84119. We do not do business under any other names except Café & Bakery Group, LLC.

We do not operate a business of the type offered to you in this disclosure document, but we have affiliated companies not required to be disclosed in this item, that operate similar type businesses in Salt Lake City, Utah. The Ogden, Utah business was sold to unrelated parties in 2018. Additionally, some of our officers have operated similar type businesses for over 10 years.

We previously offered franchises under the name "Apple Spice Café & Bakery™" from 2011 through 2016. We no longer offer this type of franchise, which is a quick service sit-down restaurant with box lunch delivery services. We did not sell any Apple Spice Café & Bakery™ franchises or have any franchisor owned locations, but there is 1 affiliate owned Apple Spice Café & Bakery™ restaurant that is was in operation until March 2023, with one in Salt Lake City, Utah.

We began offering or selling franchises under the current business in December 2016. We also previously offered area representative agreements under the Apple Spice Junction™ system. While we no longer offer these agreements, these area representatives may provide services in certain territories on our behalf.

Parents, Predecessors & Affiliates

We are wholly-owned by BLD Co., LLC, a Utah limited liability company, formed on April 17, 2020. Its principal address is 2250 South 1300 West, Suite A, Salt Lake City, Utah 84119.

We have no predecessors, but we are affiliated with ASJ Development, LC, a Utah limited liability company, formed on May 24, 2002 located at 2320 South 1290 West, Suite A, Salt Lake City, Utah 84119. ASJ Development, LC is the franchisor of the "Apple Spice Junction®" franchise concept, which is similar to the concept you will operate, but has a café included in the format. The café will not be part of the concept you will operate. ASJ Development, LC offered franchises from November 2002 through 2011. ASJ Development, LC currently has 12 Apple Spice Junction® franchises. ASJ Development is approved as a designated supplier for some products or services provided to our franchisees.

Our agents for service of process are listed in Exhibit E.

We have no other parents, predecessors or affiliates required to be disclosed in this item. Except as specifically disclosed above, none of our other affiliates have offered franchises in any other line of business and they do not provide services to us or our franchisees.

Franchise

We license and train others, subject to financial qualification, to operate an Apple Spice® business. The franchise authorizes you to engage in our complete system and to adopt the business formats established by us and identified by our trademarks. We have developed and established a system that includes proprietary methods for operation of a box lunch delivery and catering business operating under the name Apple Spice®, and other propriety marks, referred to in this document as a Franchise Business. This system offers uniformity in the foods prepared and offered by the Franchise Business using in part, secret ingredients and mixes in its food products and uniform specifications, signage, décor, uniforms, marketing, promotional programs, accounting, management, and all other aspects of internal operations which may be monitored in accordance with our uniform procedures. The physical location of your central kitchen and business operation for your Franchise Business is referred to in this document as a "Unit."

Franchises Offered

You will enter into a franchise agreement for your Franchise Business. Your Franchise Business will consist of a Unit serving a single territory or a Unit serving multiple territories, depending upon how many territories you choose for your franchise business. All territories being served from a single Unit must be contiguous and contain a contiguous cluster of Zip Codes referred to as your Franchise Business territory.

If you enter into an area development agreement, you will have multiple Franchise Businesses and will enter into a franchise agreement for each Franchise Business (see Exhibit G). Your area development agreement will have a schedule of when each Franchise Business, including the Unit, is required to be open. You will be required to open a Unit for each Franchise Business and the Franchise Business territories may or may not be adjacent to each other. If you choose to enter into an area development agreement you will need to sign a then-current version of the Franchise Agreement upon the commencement of each territory opened in the development schedule.

Franchise Agreement/Requirements

You must sign a franchise agreement in a form similar to the one attached as Exhibit B to this disclosure document. The terms of the agreement described in this disclosure document may differ substantially from those we have used in the past and we reserve the right to change the forms and terms of the agreements used in the future.

You will be required to purchase specific foods, materials, supplies and equipment and strictly follow our methods, policies and procedures. You will operate the franchise Unit in

accordance with our standards, methods, procedures and specifications which are more particularly described in our franchise agreement.

General Market

The general market for box lunch delivery and catering services is well developed in the United States and you must compete with other national and local businesses offering similar food items and services including catering and lunch delivery. This market consists primarily of small businesses, medical facilities, governmental buildings and private schools including universities. No studies or surveys have been done to determine a need for these products and services within your territory. You will typically compete with other established retail café restaurant style businesses. There are many of these competitors from large national chains to small independent operations. The market for our products and services may experience seasonal variations, and may be affected by economic conditions.

Laws/Regulations

There are certain regulations specific to the food industry. Those who work in food preparation and Units must obtain required food handler's permits and Health Department certificates. The Unit must satisfactorily pass Health Department inspections, which may include passing Serv-Safe training. You may also be required to comply with "Truth in Menu" laws and regulations concerning menu item names, product labeling, nutritional claims, etc. You must also comply with the Americans with Disabilities Act (ADA), OSHA, the Patriot Act and other local, state and federal laws which apply to business in general.

You must investigate all local laws with a professional. This review of local laws includes local zoning rules because they may limit where you can locate a kitchen and may affect the design features including the building façade and signs. You should be aware of federal, state and local environmental laws about disposal of waste materials and packaging. The details of state, county and local laws and regulations vary from place to place. You must research these matters. Please be aware that changes in these laws may increase the cost to operate your restaurant.

ITEM 2: BUSINESS EXPERIENCE

Manager, CEO and Director: Randy Clegg

Mr. Clegg has served as the manager and CEO of Café & Bakery Group, LLC since its inception in October 2011. He has also been the President of ASJ Development, LC in Salt Lake City, Utah since May 2002.

Senior Vice President of Franchise Development and Director: Charles Jones, CFE

Mr. Jones became the Senior Vice President of Franchise Development and a Director with Café & Bakery Group, LLC in February 2013. Mr. Jones also served as the Chief Development Officer for FranDevCo, LLC from July 2021 until February 2023.

Officer and Director: Charles Purrington, Jr.

Mr. Purrington became a Director of Café & Bakery Group, LLC in October 2011. Currently, he is the owner of MDSC Services, LLC in Richmond, Virginia and has owned MDSC Services, LLC since May 2005.

Senior Vice President of Franchise Support and Director: Mac Purrington

Mr. Purrington became a Senior Vice President of Café & Bakery Group, LLC in October 2011. Currently, he is the owner of MDSC Services, LLC in Richmond, Virginia and has owned MDSC Services, LLC since May 2005.

Senior Vice President of Branding and Media Operations and Director: Gary Francis

Mr. Francis has been the Senior Vice President of Branding and Media Operations for Café & Bakery Group, LLC since its inception. He is the owner of Milestone Productions, LLC, a publishing company located in Provo, Utah since 1995, and Seven7, LLC in Provo, Utah since 2019. He also serves as president of The Light of America Foundation, a non-profit company located in Provo, Utah, since March 2004.

Senior Vice President Training/Operations: Alison Ainge

Ms. Ainge has been the Senior Vice President of Training and Operations with Café & Bakery Group, LLC since its inception in October 2011. She has also been Director of Training for ASJ Development, LC in Salt Lake City, Utah since April 2003.

Area Representatives

The Apple Spice® area representatives are not franchise brokers, but provide services only, under our direct control. Our area representatives' duties may include site location assistance, training and operational assistance to the Apple Spice® franchisees. Area representatives are paid out of the franchisee royalty payments. We no longer offer these agreements. We prohibit area representatives from making any representations of sales or profits to you. Additionally, all area representatives are required to comply with and follow all federal and state laws in the performance of their duties and obligations to you and us. Area representatives are independent contractors and not our employees or our affiliate's employees. We disclaim responsibility for any acts or statements made by area representatives contrary or in addition to the disclosures made in this Franchise Disclosure Document, or in the franchise agreement, our manuals or related contracts. The following is a list of Our Area Representatives.

NAME:	**POSITION:**	**WORK HISTORY:**
Charles M. Purrington, Jr.	Area Representative	2005 to present: MDSC Services, LLC, Richmond, Virginia: Owner

John Menesick	Area Representative	2005 to present: ASPJ Development, LLC, Greensboro, North Carolina: Managing Member 2005 to present: ASPJ Core Development, LLC, Greensboro, North Carolina: Managing Member September 2008 to December 2014: Unlimited Harvest, Inc, Greensboro, North Carolina: President
Loren Walsh	Area Representative	December 2013 to present: Somar Hospitality, Prince Frederick, Maryland: Operating Partner December 2009 to November 2013: KLS Enterprises, Philadelphia, Pennsylvania: Director of Operations
John Boone	Area Representative	2004 to present: Apple Spice Orlando Number 001, LLC, Orlando, Florida: Owner
David Bornstein	Area Representative	April 2007 to present: ASJ South Bay, LLC, Torrance, California: Managing Member
Mike Huffer	Area Representative	March 2005 to present: Tri-City Enterprises, LLC, Cincinnati, Ohio: Owner

ITEM 3: LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4: BANKRUPTCY

No Bankruptcy information is required to be disclosed in this item.

ITEM 5: INITIAL FEES

Franchise Fee & Development Fee

The initial franchise fee for your Franchise Business with a single territory is $49,000 and is due in one lump sum upon execution of the franchise agreement. If we determine that you are financially and operationally qualified to develop multiple territories as described in Item 12, we may offer you either a Franchise Business with a single territory or a Franchise Business with multiple contiguous territories, or, the opportunity to enter into an area development agreement for the development of multiple Franchise Businesses. There is no minimum number of territories required to be developed to enter into an area development agreement. If you enter into a franchise agreement with a single territory or a franchise agreement with multiple contiguous territories, or an area development agreement, the franchise fee will vary based on the number of territories that

you commit to develop. You must pay us a franchise and/or development fee equal to the sum of the franchise fees due for each territory that you agree to develop.

The following table shows the price per territory if you commit to developing more than one territory:

Territories	Price per Territory[1]	Total
1	$ 49,000	$ 49,000
2	$ 45,000	$ 90,000
3	$ 41,667	$ 125,000
4	$ 41,500	$ 166,000
5	$ 41,400	$ 207,000
6	$ 37,500	$ 225,000
7	$ 35,714	$ 250,000
8	$ 35,000	$ 280,000
9	$ 35,000	$ 315,000
10	$ 33,000	$ 330,000

1. In certain circumstances, you and we may agree that in addition to your agreed purchase of one or more territories, you may purchase additional businesses located in a related market area (a "partial territory"). The cost of the partial territory would be $7,500 for each additional 1,000 businesses in the partial territory as described above and in Item 12. For example, a market area with 8,500 business would cost $71,500 which is $49,000 for the initial territory of 5,500 businesses and $22,500 for the additional 3,000 businesses.

If you are an honorably discharged veteran of the United States military that purchases a territory through the VetFran program, we will provide you with a marketing kit that is valued at $1,000.

Training Fee

In addition to the franchise fee, you must pay us an initial training fee upon execution of the franchise agreement of $10,000. This fee is for the cost of providing our initial training program to you, your operating principal, and your key manager. The training fee includes the cost of up to 3 trainees attending a single training session. You are responsible for the travel and living expenses of your trainees and for training fees incurred by subsequent trainees, replacement trainees, or trainees that retake the program.

The initial training program is described in greater detail in Item 11. If you enter into an area development agreement, you are only required to pay us this fee for the first territory you develop, unless we determine you need additional training.

Additional Amounts Paid Prior to Opening

You must purchase your point of sale system ("POS") and some printed materials and proprietary food products from us or an affiliate prior to opening your franchise business. These items cost approximately $27,640 to $33,640 in payments to us or our affiliate, although your total payments for these items will be higher due to additional third-party payments (see Item 7). Payment is due before opening as items are delivered to your facility.

The costs and fees listed in this Item are uniform and are non-refundable for all franchisees and area developers as described above.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee[1]	6% of gross sales, payable to us.	Payable weekly in accordance with our electronic funds transfer program or automatic withdrawal program but no later than 5:00 pm MT on Tuesday of the following week.	Gross weekly sales includes all revenue from the franchise business, but does not include sales or use tax.
National Advertising & Marketing Fund[1]	Up to 2% of gross weekly sales, payable to us. Currently 1%.	Payable weekly in accordance with our electronic funds transfer or automatic withdrawal program but no later than 5:00 p.m. MT on Tuesday of the following week.	The marketing fee may be used by us for one or more national or regional marketing programs, as we choose.
Local Advertising Requirement	Minimum of 2% of gross sales, spent locally by you.	Not Applicable	You will spend at least this amount every month to advertise your franchise business locally. This amount is paid directly to the vendors and other suppliers of your local marketing on a quarterly basis. We may require proof that you spent your local marketing

Type of Fee	Amount	Due Date	Remarks
			requirement. We may increase the required local marketing amount. This is not required for a non-traditional franchise business. We may require you to contribute all or a portion of your local marketing to a regional cooperative.
Advertising Cooperative	Currently not assessed.	Payable at least monthly. We reserve the right to require cooperative marketing fees to be paid weekly and in accordance with an electronic funds transfer or automatic withdrawal program.	If we form a local advertising co-op in your area, any marketing expenditures you make through the co-op up to 2% of gross monthly sales is credited against your local obligation. Company owned franchises, if any, must participate in the co-op if formed, but do not control voting. If formed by us, we will provide the bylaws of the co-op which will be binding on the members of the co-op. We may terminate the co-op in our discretion at any time. This is not applicable to non-traditional franchise business.
Additional On-Site Assistance	Our then-current fee for additional training. Currently $350/day plus the cost of travel/food/lodging for our representatives.	In advance, to be paid in accordance with out electronic funds transfer or automatic withdrawal program.	We can adjust this fee at any time. The current fee will be listed in the manuals. We provide on-site consulting assistance at your reasonable request (see Item 11). This fee may be changed periodically, at our discretion.
New Manager or Operating Principal Training	Our then-current fee for additional training. Currently	In advance, to be paid in accordance with out electronic	We can adjust this fee at any time. The current fee will be listed in the

Type of Fee	Amount	Due Date	Remarks
	$350/day per person trained.	funds transfer or automatic withdrawal program.	manuals. You are primarily responsible for training all new managers and operating principals, but we reserve the right to require that your new manager/operating principal go through training at our headquarters or other place we designate. You must also pay all travel, lodging and food expenses while attending training for yourself and your attendees (see Item 11).
Late Charges	Currently the fees are: $25/day (up to a total late charge of $250/each late fee or report) plus 18% interest (or the highest rate allowed by the state, whichever is less)	Payable with royalties or reports, or on demand and to be paid in accordance with our electronic funds transfer or automatic withdrawal program.	Charges and interest begin to accrue after the due date of any royalty, marketing fee, report or other required payment. We may change these fees at any time.
Fees on Default and Indemnity[2]	Attorney's fees, costs, interest and audit costs	On demand, as incurred	Paid in addition to other payments to us
Audit Charge	Costs of audit	To be paid in accordance with our electronic funds transfer or automatic withdrawal program.	Payable only if an audit shows as an understatement of 2% or more of gross sales or records are unavailable.
System non-compliance fines and charges[3]	Various charges currently ranging from $50-$250 per day for non-compliance with our system.	On demand, as incurred. To be paid in accordance with our electronic funds transfer or automatic withdrawal program.	For certain defaults in your compliance with our operations manual. Paid in addition to other payments to us. This may be revised periodically by us in our operations manual.

Type of Fee	Amount	Due Date	Remarks
Insurance Processing Fee	Cost of insurance plus 10% of the insurance premium paid by us	Immediately upon notice	Payable only if you fail to obtain and/or maintain the insurance coverage or provide the policies required by the franchise agreement
Franchise Agreement Transfer Fee[1]	$10,000 / Franchise Business	Payable at time of approved transfer and in advance of closing	Payable when you sell your franchise and prior to our signing any approval or new agreement. No charge if franchise is transferred to an entity that you own and control 60% or more
Transfer Training Fee[1]	$10,000	Payable at time of transfer and in advance of closing	Payable when you sell your franchise. The transferee must pay their own costs of travel, food, and lodging expenses while attending training (see Item 11).
Area Developer Agreement Transfer Fee[1]	$5,000 plus the transfer fees per franchise business transferred	Payable at time of approved transfer and in advance of closing.	Payable when you sell your area development and prior to our signing any approval or new agreement.
Relocation Fee[1]	$3,500	Payable upon signing a new lease	This fee applies if you want to relocate your franchise and must be approved by us.
Testing or Supplier Approval Fee[1,2]	You will reimburse us for the expenses and costs incurred	Payable to us immediately upon demand	Payable if you want to have unapproved suppliers or products tested or reviewed for our approval (see Item 8).
Successor Franchise Fee	50% of the then-current initial franchise fee for a Franchise Business	Time of signing successor agreement	Payable prior to your entering into a successor franchise agreement if you elect to continue your franchise after the initial term.

Type of Fee	Amount	Due Date	Remarks
Post-Termination Non-Compliance Fee	$250 per day + costs you fail to comply with each of your post-termination obligations.	As Incurred.	See Note 4.
Territorial Violation Fee	$500 for a first occurrence; $1,000 for a second occurrence and subsequent occurrences.	As Incurred.	Fee is incurred if you deliver in another franchisee's territory. You will also be subject to forfeit any revenue generated from activity that violates another Franchisee's territory. You will be subject to termination for a third or subsequent occurrence.

NOTES:

[1] Royalty and Fees. All fees are uniform and non-refundable and are payable to us weekly unless directed otherwise. We require you to establish a bank or other similar type of electronic funds transfer ("EFT") account prior to opening your store in which you must deposit the gross revenue of the franchise business (not including local sales & use taxes) which account we may automatically access for any payment due to us, including post-termination fees. You cannot close or terminate any EFT or similar account without receiving our prior written consent. We will electronically transfer the fee from your account no later than Tuesday in accordance with our electronic funds and automatic withdrawal program. If a sales tax or similar tax is assessed on the royalty or marketing fees, you must pay us or the taxing authority the amount of this tax. Each month, you will be required to provide us with a profit and loss statement and balance sheet for your franchise business for the previous month, as well as a year-to-date statements. These reports are due by the 20th of each month.

[2] Indemnity. You must indemnify us from and against all claims or damages regarding the conduct and operation of your franchise.

[3] System Compliance. For certain defaults in your compliance with our system, we reserve the right to institute a series of fines and charges as described in our operations manual. These may be revised by us periodically.

[4] Post-Termination Non-Compliance Fee. In the event You fail to comply promptly with any of your post termination de-identification obligations: (a) you agree to pay us $250 per day for each day that you are in default, as a reasonable estimate of the damages suffered by us; and (b) to prevent further injury, we may hire a third-party or use our own personnel to de-identify your unit and/or to carry out any other obligations on your behalf, for which costs you will be responsible.

These additional costs will include any attorneys' fees and costs associated with enforcing your post-termination obligations. This post-termination fee obligation will not affect our right to obtain appropriate injunctive relief and other remedies to enforce the franchise agreement and your obligations.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT FOR 1 TERRITORY	AMOUNT FOR 3 TERRITORIES	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee 1	$49,000	$125,000	Lump Sum	At Signing	Us and System
Training & Living Expenses while training 2	$5,000 - $8,000	$5,000 - $8,000	As Incurred	During Training	Airlines, Hotels and Restaurants
Training Fee 2	$10,000	$10,000	Lump Sum	At Signing	Us
Real Estate Lease Deposit 3	$1,800 - $7,000	$1,800 - $7,000	As Incurred	As Incurred	Landlord
Real Estate Improvements 3	$75,500 - $175,000	$85,000 - $335,000	As Incurred	As Incurred	Suppliers
Equipment Package 4	$150,000 - $170,000	$150,000 - $170,000	As Incurred or Leased	Before Opening	Suppliers
Freight (equipment/POS/ Opening Inventory)4	$1,000 - $9,000	$1,000 - $9,000	As Incurred	As Incurred	Suppliers
Shelving/Office furniture 4	$1,000 – 2,500	$1,000 - $2,500	As Incurred	As Incurred	Suppliers
POS System (hardware/ software/install)	$19,200	$19,200	Lump Sum	As Incurred Prior to Install	Suppliers, Us
Signage – Interior/exterior (install) 5	$1,000 – $5,000	$1,000 – $5,000	As Incurred	Before Opening	Suppliers, Us
Misc. Expenses & Professional Fees 6	$3,000 - $10,000	$3,000 – $10,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Opening Inventory – Sysco & Sam's Club 7	$8,500 - $13,500	$8,500 - $13,500	Lump Sum	Before Opening	Suppliers
Opening Inventory – SLC Warehouse 7	$6,000 - $8,000	$6,000 - $8,000	Lump Sum	Before Opening	Us or our affiliate
Initial Marketing – Food give-away	$9,000	$9,000	As Incurred	As Incurred	Internal Cost

promo – 90 days 8					
Initial Marketing – SEO/Social Media Marketing 8	$1,440	$1,440	Lump Sum	At Signing	Us
Initial Marketing – Grand Opening 8	$7,000	$7,000	Lump Sum	At Signing	Suppliers
Additional Funds – 3 months 9	$45,000 - $70,000	$45,000 - $70,000	As Incurred	As Incurred	Hired Suppliers, Accountants, Employees, etc.
*TOTAL10	$393,440 - $571,640	$478,940- $807,640	*Does not include royalties or marketing fees.		

Notes

Note 1. Franchise Fee. The initial franchise fee varies depending on the number of territories you purchase. The initial franchise fee is for a Franchise Business with a single territory is $49,000 and a Franchise Business with three-territories is $125,000, which are the most common, and is paid at the time you sign the franchise agreement. It is uniform to all franchises and not refundable. We do not finance any portion of this fee. If you purchase multiple territories, you will pay the upfront fees as described in Item 5 for each territory.

Note 2. Training Travel and Living Expenses. The training fee is uniform. In addition, you are responsible to pay all travel, living, payroll and other associated training expenses for yourself and your employees during training directly to the supplier (hotels, airlines, restaurants, rental car companies, etc.). This estimate is for the cost of two people to attend initial training in Utah. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.

Payroll During Training. This amount includes an estimate of the payroll costs you may incur during training. These amounts may vary depending on the amount paid to employees and the number of employees you have attending training. Employee compensation is between you and your employee and may vary widely. In addition, you may need to include an amount payable to you.

Note 3. Real Estate. If you do not own real property, you will need to either purchase property with an existing structure on it or build a structure to house your unit. As an alternative, you may lease land and/or a building or some other space. Costs of commercial property or leases and improvements vary widely based on region, physical location, terms of the lease, the total area of your space, local codes and regulation, construction, material costs and market conditions. You may also be required to pay a deposit to secure a lease. Typically, the deposit requirement is for one to two months of the monthly rental rate. We have not included an amount for the lease or purchase of real property because it is impossible to estimate and varies widely per location. Your landlord may provide you with a tenant improvement allowance as part

of your lease. You should review these costs with a local contractor, commercial real estate agent or other professionals. Your space will vary depending on your needs, but we estimate you will need a minimum of 1,500 sq. feet. In most instances, landlords will request lease deposits covering the first and last months' rents. The construction and improvement cost may exceed those amounts listed due to unforeseen circumstances or requirements. The estimates listed are in addition to any contributions made by the landlord. These figures do not include any cost of real property purchase or the rents paid for leased locations. This figure also only represents a single unit franchise with one territory. If you have acquired multiple contiguous territories as part of your franchise agreement, you may be required to open one or more supplemental kitchens to service your territories if we determine that the drive time for delivery of any order will exceed 30 minutes.

Note 4. Equipment. Pricing shown is the minimum equipment generally required, subject to modification by location and each unit's design. The price may vary depending on local health department requirements and the number of square feet of the Unit. Some health departments require a hood and a grease trap. Size of the hood and capacity may vary depending on local requirements. All pricing is subject to change without notice. These figures do not include any installation, applicable tax or freight. The high estimate includes a hood and the average cost of a grease trap. The range for the equipment purchase is between $150,000 and $170,000 for both a single territory and 3-territory purchase. We estimate the cost for freight to be between $1,000 and $9,000 for both a single territory and 3-territory purchase.

Shelving and Furniture. The price of these items may vary depending on the size of the Unit. We estimate the costs to range from $1,000 to $4,000.

POS System. You must purchase a point-of-sale system from us or an affiliate (see Item 11). This cost is not refundable. The cost is $19,200 for both a single territory and 3-territory purchase.

Note 5. Signs. At least one exterior door vinyl decal sign displaying the trademark is required for each unit required to be open, or that you may open depending on the building. We may, depending on the location of your unit, require one exterior building sign. The figure also represents the interior signage that is required. Exterior building signs may at times be leased, depending on the supplier. If leased, the cost of the signs may be a monthly expense rather than an upfront cost. Sign pricing may vary by location. We may require you to get a vehicle wrap for vehicles used in the franchise in the future, but as of the issuance date, there is no requirement.

Note 6. Miscellaneous Costs. These are estimates for setting up utility accounts, obtaining business licenses, other permits required to open Your business and purchasing miscellaneous food supplies required to open Your business. These are estimates and the amounts may be more or less depending on your local government, local utility companies and other local market conditions.

Legal and Accounting. These costs also include an estimate of costs you may incur in setting up your business or company with attorneys, accountants or other professionals.

Insurance. You must have insurance coverage for the benefit of you and us, as required by us. The current insurance requirements are described in Item 8. We reserve the right to amend, add to, or modify the insurance requirements periodically. These limits may be raised if we notify you in writing of the increase in the limits. You will furnish to us annually a copy of all these policies.

Pre-Opening Payroll. This cost also includes an estimate of the payroll costs you may incur prior to opening while doing in-store training for new employees. This amount may vary depending on the number of employees and the amount of their salaries or wages.

Cash at Opening. You must also have cash on hand at the opening of your retail unit. This amount may vary depending on the estimated attendance for your opening and the size and location of your unit.

Note 7. Opening Food Inventory. This is the estimate of the food and packaging inventory you will need to start operations for a Unit. The difference in cost depends on the type of Unit, location, and other factors, including changes in costs of food and packaging. There are some proprietary food and packaging products that you must purchase from us, including mixes and ingredients that have been developed by us and sold only by us or our affiliates. Any product purchased from us is non-refundable. Of the total amounts, between $936 - $1500 will be paid to us or our affiliate for proprietary food products. These estimates are the same for both a single territory and 3-territory purchase.

Note 8. Initial Marketing. This includes costs for your opening PR and initial marketing campaigns, 6 months of Google advertising, business lists, and promotional sampling of box lunches and catering to potential customers during the first 90 days and the cost of social media and search engine optimization for 12 months. Cumulatively, you must spend at least $20,000 (excluding any amounts paid to Us for the National Advertising Fee) on marketing within ninety (90) days following the opening of your franchise.

Note 9. Additional Funds. This estimates additional funds not included elsewhere in this item for the first 3 months of operation, which must be available at opening. This figure is an estimate based on the experience of our affiliate-owned outlets and information available to us from franchise-owned outlets. These estimates do not include an amount for the lease or purchase of real property from which to operate the business or any expenses for shipping and installation of equipment. **This is limited to 3 months and we recommend that you have on reserve at least 6 months and preferably 12 months or more of capital for operating your business.** These estimates are the same for both a single territory and 3-territory purchase. These items are by no means all-inclusive of the extent of possible expenses.

Note 10. Total. This figure is an estimate based on the experience of our affiliate-owned outlets and information available to us from franchise-owned outlets. These estimates do not include an amount for the lease or purchase of real property from which to operate the business or any expenses for shipping and installation of equipment. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any item.

Note 11. Supplemental Kitchens. If you have been approved for multiple contiguous territories, you may be required to open one or more supplemental kitchens to service your territories (see franchise agreement paragraph 1.1.3). In addition, you may choose to open additional supplemental kitchens at your sole discretion. If you choose to open supplemental kitchens, the cost for real estate, equipment, signage and possible other expenses outlined in this Item 7, may be more than what is reflected in the above figures and you should account for the additional costs in your projections and business plan.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers, Proprietary Products and Required Purchases

You must purchase the following products and services from us or other sources designated or approved by us:

- Equipment
- Proprietary food items and mixes
- Proprietary packaging
- Fixtures
- Uniforms
- POS System
- Signs
- Marketing Materials for opening
- Construction Management
- Software

We provide specifications and suppliers for certain equipment, fixtures, inventory, and other items in the manual and other materials, or through periodic correspondence from us. However, we are the only designated supplier for certain trademarked printed materials, food items, and the POS system. You must purchase all of your equipment and food inventory from approved and/or designated suppliers. Required specifications and suppliers may occasionally change at our discretion.

We consider our specifications to be of critical importance to the success of the system. As to these matters, you must deal only with suppliers approved by us. You may be assessed fines and charges, in accordance with our operations manual for purchasing, using or selling unapproved products or using unapproved or undesignated suppliers. Your use of the approved specifications and suppliers is required and provides no additional material benefits to you that are not available to any other conforming franchisee. Approved specifications and approved suppliers are required to ensure and maintain quality, service and consistency throughout the franchise system and maintain uniformity throughout all franchised units.

Insurance

In addition, you are required at your own expense to keep in full force, by advance payment(s), during the entire term of the franchise the following minimum insurance policies, which minimums may be adjusted periodically. You may also choose to secure higher coverage amounts.

(a) Liability Insurance.

(1) General liability insurance insuring against all liability resulting from damage, injury, or death occurring to all persons or property in or about the franchise business premises (including products liability insurance), the liability under such insurance to be not less than $1,000,000 per occurrence and $3,000,000 in the aggregate or leasehold minimum, whichever is greater (combined single limit for personal injury, including bodily injury or death, and property damage); and

(2) Commercial auto liability including all owned, non-owned and hired autos used in the business with a limit of liability of not less than $3,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage); and

(b) Property Insurance. Casualty insurance for all of your goods, fixtures, furniture, equipment, inventory and other personal property located on your franchise business premises providing insurance to the extent of 100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage.

(c) Business Interruption Insurance to recover lost income in the event the franchise business is unable to operate for a period of time covering at least 75% of your annual revenue or the actual loss sustained, whichever is greater.

(d) Umbrella Insurance. Back-up insurance of not less than $1,000,000 if a claim is in excess of your other insurance policies.

(e) You must also maintain and keep in force all employment insurance on your employees as required under the applicable federal and state laws.

These policies will insure both you and us and our officers and directors and nominees as additional insureds against any liability which may accrue by reason of your ownership, maintenance or operation of the franchise business wherever it may be located. These policies will stipulate that we will receive a 30-day written notice of cancellation, modification or termination. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment within 30 days of issuance. These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. We strongly recommend that you speak to a local insurance company that can advise you on all the required and recommended insurances to operate your franchise business. We make no guarantee that additional insurance may not be required or valuable in your state or territory.

If you fail to obtain insurance and keep the same in full force and effect, we may obtain this insurance at our discretion and you will pay us the premium costs upon our demand. Failure to obtain and maintain the required insurance constitutes a material breach of the franchise agreement entitling us to terminate the agreement. You must also procure and pay for all other insurance required by state or federal law. We may periodically increase the amounts of coverage required and/or require different or additional coverage. We do not derive revenue as a result of your purchase of insurance.

Computer/Point of Sale System

You are required to purchase a point-of-sale (POS) system and a computer system from us or an affiliate (see Item 11 for more details). The POS system will be capable of programmable reporting of sales, hourly sales, sales by department and other breakdowns. We have the right to access the data collected by the POS system and will have independent and unlimited access to all data on the POS system in the future.

Other than as stated above, there is no obligation for you, under the terms of the franchise agreement, to purchase or lease any goods, services or real estate regarding the establishment or operation of the franchise business from us or our affiliates or designated sources.

Non-Approved Suppliers

Except for certain trademark, private label, or secret ingredient items (as provided in the operations manual) and designated source items described above, if you desire to use a particular supplier and if that supplier meets the specifications and requirements of our system, at our discretion, we may approve that supplier to become an approved supplier.

You may establish suppliers on the approved list by making appropriate application to us. The following general criteria is used in considering whether a supplier will be designated as an approved source: the ability of the supplier to make the product to our standards and specifications; a willingness by the supplier to cooperate and work with you and other franchisees; the supplier's production and delivery capabilities, and the financial condition of the supplier; the ability and willingness of the supplier to train you and us on the effective and safe use of the product and the supplier's professional competence and performance abilities.

If you desire to purchase any items from an unapproved supplier, you will be required to reimburse us our costs and expenses we may incur in connection with determining whether we will approve an item, service or supplier. In addition, you must submit to us a written request for this approval or request the supplier itself to do so. The testing fees are not refundable whether or not we approve of a supplier, item or product. To proceed with testing, we may require you to submit sufficient information and data to permit us to ascertain whether any of these items meet our specifications. We will notify you in writing, within a reasonable time, but not longer than 60 days, as to whether these services or products meet our specifications. We may, occasionally, make changes or alterations in the standards and specifications for the above items and approved suppliers. At our discretion, we may revoke our approval from an approved supplier upon 30 days written notice. The testing fees and costs incurred are not refundable whether or not we approve a supplier or product.

The franchise agreement requires that food and beverage items, equipment, POS system and trademark printed materials required for the operation of your franchise business and other items sold by you must be purchased solely from approved suppliers which meet our specifications. Our specifications include standards for delivery, performance, quality, design and appearance. We will use our best judgment in setting and modifying specifications to maintain

quality and integrity of the franchise system.

At present, neither we nor our area representatives receive rebates or other fees from designated or approved suppliers. We do not currently receive a fee, payment, or other compensation from other suppliers of these goods and services, but we reserve the right to do so in the future. In the year ending December 31, 2024, our affiliate, ASJ Development, LC, received $252,844 in revenues from the sale of products or services to franchisees in 2024 and allocated that amount to us.

Of all purchases and leases to be made by you to initially establish your franchise unit, approximately 90% to 100% of those purchases or leases are made from suppliers specifically designated by us or based on our specifications. Of all purchases and leases to be made by you in operating your unit, approximately 75% to 100% of those purchases or leases are from suppliers specifically designated by us or based on our specifications.

Occasionally, you will be required to buy special promotional items such as marketing material, related products, and goods from us or from vendors we name regarding a promotional program or marketing strategy.

At this time, there are no purchasing or distribution cooperatives. We negotiate some price arrangements with some suppliers for the benefit of franchisees. You benefit from the use of designated suppliers or approved sources in reduced prices due to the power of volume purchasing. No other benefit is conferred on you by us. We do not provide material benefits to franchisees based on the franchisee's purchase of particular products or services or use of particular suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 4.1	Item 11
b. Pre-opening purchases/leases	Sections 4.1 and 4.2 and Paragraphs 6.1.2 and 6.1.3	Items 5 and 7
c. Site development and other pre-opening requirements	Sections 4.2	Item 11

d. Initial and ongoing training	Section 7.4	Item 11
e. Opening	Section 4.3 and paragraph 7.1.3	Item 11
f. Fees	Article V	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Section 6.1	Item 11, 17
h. Trademarks and proprietary information	Article III	Item 13
i. Restrictions on products/ service offered	Article VIII	Items 8 and 16
j. Warranty and customer service requirements	Paragraph 6.1.2 and Section 7.3	Items 11, 17
k. Territorial development and sales quotas	Not Applicable in franchise agreement Exhibit B of Area Developer Agreement	Item 12
l. Ongoing product/service purchases	Article VIII	Item 8
m. Maintenance, appearance, and remodeling requirements	Paragraphs 6.1.2 and 6.1.8	Items 11, 17
n. Insurance	Paragraph 6.1.10	Item 7 and 8
o. Advertising	Article X	Items 5, 6, 7 and 11
p. Indemnification	Section 15.2	Item 6
q. Owner's participation/ management/staffing	Paragraph 6.1.6	Item 15
r. Records and reports	Paragraphs 5.4.1, 5.5.1, and 6.1.12(i) and section 5.6	Items 6, 8 and 11
s. Inspections and audits	Sections 6.2.2(iv) and section 7.5	Items 6 and 11
t. Transfer	Article XIV	
u. Successor Franchise	Section 2.2	Item 17
v. Post-termination obligations	Section 12.1	Item 17

w. Non-Competition covenants	Article XVI	Item 17
x. Dispute resolution	Article XVII	Item 17
y. Compliance with government regulations	Paragraph 6.1.1	Item 12
z. Guarantee obligations	Section 6.3.1	Item 15

ITEM 10: FINANCING

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

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

Except as listed below, Café & Bakery Group, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your business, we or our area representative, if applicable, will:

1. Designate your franchise territory. We do not assist in locating a site for your unit(s). You are required to use our approved supplier to provide site identification, lease negotiation, and related services used to locate and establish your unit. You are responsible for specific site selection for your Apple Spice® unit(s). [Franchise Agreement Section 1.1]

2. Approve or disapprove the premises lease for the Unit and approve an architecture firm that meets our criteria to prepare a design that you use, based on the specific location of your Unit. We must approve the site selected by you before a lease is entered into or you begin construction. Our decision will be based upon factors such as proximity to potential businesses, visibility, layout, access to main roads, number and types of businesses in the territory, and other demographics. Site approval will be completed by us within four weeks or less after you have selected a prospective. Failure to reach agreement upon a site after having exhausted all reasonable efforts may result in a cancellation of the franchise agreement without a refund. [Franchise Agreement Section 4.1]

We do not own properties that we lease to you and we do not assist you in negotiating the purchase or lease of your site. Other than providing you with the general specifications, we do not assist you with the construction, remodeling or decorating of the premises [Franchise Agreement Section 4.1].

3. Make available general specifications for interior décor, building signs and equipment. You must adapt the above at your own expense, to your site in accordance with local,

state and federal laws, rules and ordinances with our approval. You are responsible to obtain any required permits and to ensure compliance with the Americans with Disabilities Act [Franchise Agreement Section 7.1.1].

4. Provide you with the names of approved or designated suppliers [Franchise Agreement Section 7.1.2].

5. Provide you with a list of specifications for approved products, equipment, supplies and materials including specifications for store layout, signs and décor. We do not offer assistance in delivery or installation of any of these items [Franchise Agreement Section 7.1.2].

6. Counsel you in the physical aspects of setting up your premises [franchise agreement paragraph 7.1.1]. However, you are required to work directly with the manufacturer or servicer of any required or approved products, equipment, supplies and materials [Franchise Agreement Sections 7.2 and 7.3].

7. Loan you a copy or provide electronic access to review our confidential operations manual containing mandatory policies, operating procedures, rules, and other information (collectively the "manuals"). The manuals are confidential and will remain our property. You must keep the contents of the manuals confidential. You may use the Manuals only in association with your Apple Spice® franchise business and only during the term of the franchise agreement [Franchise Agreement Section 9.1]. The table of contents of the operations manual is in Exhibit F. The operations manual contains approximately 598 pages.

8. We provide an initial operations and sales training program for you and your managers, described in detail below [Franchise Agreement Section 7.4].

Site Selection

If you intend to lease a site, you will submit a copy of the proposed lease to us, within 30 days of our consent to the site. Within 10 days of execution of the lease, you must provide us a copy of the executed lease. If you intend to own the site, you will furnish to us proof of ownership or an executed sale contract within 90 days after we consent to the site. You must create a separate entity to own the site and then lease the site to you at its full rental value and on commercially reasonable terms for the term of the franchise agreement [franchise agreement section 4.5].

An approved site must be identified and have a lease signed within 6 months of the signing of the franchise agreement [franchise agreement paragraph 4.1.1]. Construction must be started within 2 months from the date of the lease agreement and be completed before 12 months from the date of the franchise agreement. Abandonment of construction or stoppage of construction for 6 or more weeks due to your actions or inactions will be grounds for terminating the franchise agreement. We reserve the right to decide whether or not fees shall be refunded if the agreement is terminated based on our investment in assisting you up until this point [franchise agreement paragraph 4.2.2].

Estimated Length of Time Before Opening

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your first franchise unit is 8 to 12 months. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, construction, local ordinance compliance and delivery and installation of: furniture, fixtures, equipment, signs, and inventory items. A variety of unforeseen factors could lengthen this time.

You must give us at least 30 days written notice before opening your franchise business location. Failure to meet these deadlines may result in a termination of the franchise agreement without a refund [franchise agreement article IV].

Assistance During Operation

During the operation of your franchise business, we or our area representative, if applicable, will:

1. Establish policies, procedures, standards and specifications for the operation of your franchise business. We may change, modify or update these policies, procedures, standards and specifications at any time at our discretion. You must strictly follow these procedures, standards and specifications as they develop. Failure to do so is grounds for termination of your franchise [franchise agreement paragraph 6.2.2].

2. Provide you with updates to the manuals. We have the right to periodically add to, delete from, supplement, and otherwise modify the confidential manuals to reflect changes in products, services, specifications, standards and operating procedures, including sales and marketing techniques, respecting the franchise business. The modifications may obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify. The master copy of the manuals maintained by us will be controlling in the event of a dispute relative to the contents of the manuals [franchise agreement article IX]. You may not copy any part of the manuals, either physically or electronically.

During the operation of your franchise business, we or our area representative, if applicable, may:

3. At our discretion, make periodic inspections of your business for compliance. We will provide consultation, assistance, and guidance in the operation and management of the franchise business. We may provide written reports of any suggested changes or improvements for the operation or management and detail any defaults in operations which become evident as a result of any evaluation and inspection. Fines and charges may be assessed in accordance with our manuals for such defaults. Additional guidance, at our sole discretion, will be furnished in the form of our confidential operations manual, bulletins or other written materials, telephone consultations, email or consultations at our offices or at your business in conjunction with an inspection of your franchise business. We have the right to communicate directly with your manager concerning all matters of an operational nature. Your failure to provide us access for inspections of your business,

or any on-site consultation, assistance, and/or guidance is a default of the franchise agreement [franchise agreement section 7.5].

4. Provide you with samples of marketing and promotional materials developed by us. Additional copies are available for the price described in our operations manual plus shipping and handling. You may develop marketing materials for your use, at your cost, but all marketing materials must be approved by us in advance and in accordance with our written instructions and the operations manual. Any marketing you create becomes our property and can be used by us or other franchisees without compensation to you and may be made available on our website [franchise agreement sections 10.4 – 10.6].

5. We have the right to add to and otherwise modify the confidential written instructions, including training manuals or operations manuals to reflect changes in products, services, specifications, standards and operating procedures, including sales and marketing techniques regarding the franchise business; however, no addition or modification may alter your fundamental status and rights under the franchise agreement. We will keep your copy of the confidential operations manual current, which may be provided to you online or in electronic format. The master copy of the confidential operations manual maintained by us at our principal office will be controlling in the event a dispute arises relative to the contents of the confidential operations manual [franchise agreement section 9.1].

6. We may, in our sole discretion and upon your specific request to us in writing, provide additional training, assistance and consultation on your promotional efforts or your business or operational problems. If we provide assistance, we may choose to provide such consultation at your unit or by mail, telephone, email, website or other means, at our discretion. If we provide on-site assistance, you may be charged our standard rate in effect at the time. We currently charge a fee of $350 per day, per representative payable in advance or as otherwise agreed. You must also pay the cost of travel, meals and accommodations for our representatives [franchise agreement section 7.2].

7. We may conduct seminars and conferences to discuss improvements, new developments, mutual concerns and business issues, sales marketing techniques, personnel training, accounting, inventory control, performance standards, marketing programs and merchandising procedures. Attendance is mandatory. There may be a conference fee not to exceed $1,250, and you must pay all your travel and living expenses. This fee will be payable by you regardless of whether you or a substitute person attends the conference or meeting. These required conferences are normally held at our headquarters or, as available, at regional facilities [franchise agreement paragraph 6.1.13].

8. Aside from the onsite training related to system and brand quality controls and assurances, we do not assist you with the training, hiring, managing or firing of your employees. You are solely responsible for the hiring of all employees, along with the management, supervision and oversight of your employees, and for the terms and conditions of their employment and compensation [franchise agreement paragraph 6.1.9].

Advertising and Promotion

Occasionally, we may send to you, or make available to you, as available, promotional materials and bulletins on new marketing developments and new or improved techniques. You may develop advertising or marketing materials for your use, at your cost, but all marketing material developed or used by you must have our prior written approval. Any advertising or marketing you create are "works made for hire" and are our property that can be used by us or other franchisees without compensation to you and may be made available on our website. If you do not receive written approval or disapproval within 10 business days of the date we received your submission, the materials submitted are deemed approved [franchise agreement section 3.5, and sections 10.1 – 10.8].

National Advertising & Marketing Fund

Previously we have required franchisees to contribute to the national advertising and marketing fund (referred to as the "National Advertising and Marketing Fund") one percent (1%) of gross weekly sales, subject to increases in our sole discretion up to two percent (2%) of weekly gross sales, generated by your Apple Spice® business. Currently, collection for the National Advertising & Marketing Fund has been suspended however we reserve the right to re-activate the marketing fund and begin collection of fees. Each Apple Spice® outlet operated by our affiliate or us may contribute to the marketing fund, in our discretion, but has no obligation to do so.

The National Advertising & Marketing Fund would be administered by us. We may use National Advertising and Marketing Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials, and programs, as well as maintenance of the system-wide website. We may also use the National Advertising & Marketing Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use the National Advertising and Marketing Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us for use by the System as a whole, as well as for administration and direction of the National Advertising & Marketing Fund. We will not use marketing fund contributions to pay for advertising that is administered or prepared by us for use in providing place of local advertising on franchisees' behalf.

The National Advertising & Marketing Fund will not be used to defray any of our other general operating expenses. Marketing fund contributions will not be used to solicit new franchise sales; provided however, that we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with marketing fund contributions.

The National Advertising & Marketing Fund collects and expends the National Advertising & Marketing Fund contributions for the benefit of the System as a whole. We reserve the right to use the National Advertising & Marketing Fund contributions to place advertising in national, regional or local media (including broadcast, print or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-

mail campaigns. We have no obligation, however, to spend these funds or place advertising or conduct marketing campaigns in any particular area, including the Territory where your Apple Spice® business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your marketing fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the marketing fund.

The National Advertising & Marketing Fund is not audited. The financial statements of the marketing fund are available for your review upon written request, but not earlier than ninety (90) days after the end of the fiscal year for the prior year's fund.

Although the National Advertising & Marketing Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the marketing fund, however, until all monies in the marketing fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

In our most recently concluded fiscal year ending December 31, 2024, there were no National Advertising & Marketing Fund fees collected nor were there any marketing funds that were carried forward from 202.

If we spend more or less than the total of all contributions to the marketing fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

Local Advertising

Except for non-traditional businesses, you must spend at least 2% of your gross sales for local marketing each quarter. In addition, and upon request, you must submit an itemized report to us documenting proof of expenditures for local marketing in a form we may require. We reserve the right to increase the minimum local marketing requirement if we determine, in our sole discretion, that to do so will be in the best interest of the franchise system. You are permitted to use your own marketing materials using our trademarks, logos and slogans, only with prior written approval from us [franchise agreement section 10.3].

The Internet

You may not create a website or social networking site or engage in marketing on the Internet, including posting for re-sell, items on third party re-sell or auction style websites such as, eBay®, Craigslist or Amazon.com. You may be allowed to place pre-approved information concerning your franchise business on our website and social networking sites such as Facebook, as developed by us. You are required to provide us all usernames, passwords and account information and any other information related to any of your websites and social media and social network site accounts, and/or provide us with administrator access, immediately upon our request. You may not claim any web listing on sites such as Yelp or Yellowpages.com. You must strictly

comply with the policies and procedures established by us regarding websites, social networking sites, and internet marketing. Failure to strictly follow our policies and procedures is grounds for termination of the franchise agreement [franchise agreement section 10.7].

You must maintain your social media and google accounts, managing correspondence between customers and your store at all times.

We require strict adherence to all branding guidelines as outlined in the operations manual. All posting of social media and local advertising of any kind must use approved fonts, colors, and photography that insure the integrity of our brand as a whole. It is also the responsibility of each owner to adhere to all ADA requirements and laws when producing any local advertising, special menus and other electronic communication posted online or otherwise representing the Apple Spice brand.

No franchisee advertising council is anticipated at this time.

Advertising & Marketing Cooperative

We may cause the formation of local or regional cooperative marketing associations covering those areas as we, in our discretion, deem appropriate, and we may disperse those funds as we believe appropriate from the marketing fund to any local or regional cooperative marketing associations for local and regional marketing. The area of any cooperative marketing association will be based on geographic metropolitan regions. Upon the formation of a local or regional cooperative marketing association, you will be deemed to be a member of that association as covers the area in which your franchise is located, unless you have a non-traditional unit. Non-traditional units are not required to participate in cooperative marketing.

All franchisees made a part of the association are bound by any decisions made by the association upon a majority rule by members voting. We will provide cooperatives with governing documents and these governing documents will be available to all franchisees within the cooperative area. Voting will be on the basis of one vote per operating store, in good standing, as set forth in the governing documents. Failure to keep current fees owed to us or the cooperative may limit your voting rights in the cooperative. If we have a company owned or affiliate owned unit within the marketing area, that unit will participate on the same terms as you and will not control voting. You and other franchisees are responsible for the administration of the association. The amount of any fee paid to the cooperative will not exceed the amount of gross sales required to be spent on local marketing. Payments to the cooperative will count toward the amount required to be spent locally on marketing. The cooperative will be required to prepare unaudited annual financial statements, and these will be available to all franchisees in the cooperative, and us, for review. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time [franchise agreement section 10.2].

Computer System/Point of Sale System.

We require you to purchase the point-of-sale system (POS), from us or an affiliate [franchise agreement paragraph 6.1.12].

The estimated cost for the purchase of the complete POS system is $19,200. The estimated monthly access fees for the POS system and online ordering system are approximately $604 per month for the required minimum 2-terminal POS system, which may increase if you elect to have more terminals. These access fees are subject to change, at the vendors' discretion.

You must have at least a 2-terminal POS system and an office computer which meets our specifications. We will have remote independent access to the information and data collected or generated by the POS and/or computer system. You must keep these systems available for our access 24 hours a day, 7 days a week. There are no contractual limits on our rights to do so. We may require updates and upgrades to your POS and computer hardware and software, but not more than annually during the term of the franchise agreement. The maintenance, repair and upgrade of your hardware and software is at your expense. We are not required to maintain, repair, update and/or upgrade your POS or computer system. We may change required providers at any time and you must comply with any such change. There are no contractual limitations to the frequency and cost of the obligation to upgrade the POS or computer system. We may provide technical support, maintenance, repairs (if possible) at your expense [franchise agreement section 5.5 and paragraph 6.1.12].

The annual range of potential estimated expenses for you to maintain, update or upgrade your computer system could range from $0 to $5,000 annually. We have not engaged in any support contracts that you, as a franchisee would be required to participate in.

You must at all times maintain and frequently check the email address we assign to you through our system. We will assign an email address to you and those you designate under the domain name of “Applespice.com” which you may use for the duration of your franchise agreement with us. You understand and agree that we may access any emails sent through accounts at applespice.com. At the end of your term, upon transfer, or termination of the franchise you will no longer have access to the email address(es). Even though we have access to your system, you must also be required to provide monthly profit and loss statements including a balance sheet and your annual profit and loss statement and balance sheet [franchise agreement paragraphs 6.1.12, 6.2.2, 12.1.3]. You must also provide us all other financial data, information and supporting records we reasonably request from time to time.

You will be required to use only the standardized profit and loss statement templates and balance sheet templates that we will provide you [franchise agreement paragraph 5.6].

At your cost and expense, you must investigate and ensure that you comply with all payment card industry (“PCI”) and data security standard (“DSS”) standards, regulations, and requirements; however, we reserve the right to approve of the vendor you use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse us for the audit if you are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI

compliance and data security issues, such as security threats, breaches, and malware. It is your responsibility to alert us, not later than 24-hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect customer data and notify relevant parties. You are not permitted to collect, store, transfer, etc. any unnecessary customer information [Franchise Agreement paragraph 6.1.12(iii)].

Initial Operations and Sales Training

Prior to attending our initial training program, your operating principal must complete any pre-class operational and sales training we designate. The pre-class training includes video or online presentations, and/or a review of certain materials, documents, checklists and information we provide to you. We estimate that the pre-class training may take up to 40 hours.

The "operating principal" is: a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the franchise business, and has the power to bind you in all dealings with us.

At least 30 to 45 days before you open your unit, your operating principal and/or your management personnel must attend and complete to our satisfaction our in-person initial training program at our headquarters in Salt Lake City, Utah or another location to be selected by us. The cost of the initial training is $10,000 and is due at the time of signing the franchise agreement. This program will provide training for your operating principal and/or your management personnel (up to 3 persons– additional persons are $350 per person per day). The length of training will generally last 2 weeks. All attendees are required to pass exams and receive a certificate of completion upon successful completion of the training program as determined by the trainers. Attendees will have a reasonable opportunity to retake exams. You will be responsible for the expenses of travel, lodging and meals, wages of your attendees, as well as all other expenses incurred while traveling to and from and attending this initial or any additionally required training. At least 2 people should be trained for your first unit. Those to be trained must include your operating principal and the person who will manage the unit on a day-to-day basis. If your operating principal is to be the manager, then another owner or management personnel should be trained [franchise agreement section 7.4].

Additionally, at the time of the opening of your unit, we will provide you with 2 weeks (10 business days) of on-site opening assistance. This is provided at no additional charge to you. This on-site opening assistance generally occurs around the projected opening date of your first unit. If you postpone or reschedule your opening, you must reimburse us for any of our costs to reschedule our opening assistance. If you request additional days of opening assistance or if we determine that it is necessary to provide you with more on-site training, we may charge you our then-current daily on-site training fee for each additional day of onsite training [franchise agreement paragraph 7.1.3].

After the initial training, you will be primarily responsible for training your new management personnel. We reserve the right to certify any management personnel before they can

begin work, or to require that new management personnel be trained by our representatives. Our fee for this new manager training and/or certification is $350 per person per day to be trained. You must also bear the costs of travel, food, lodging and salaries of your employees during this training. As an alternative, we will train your manager at your place of business for a fee of at least $350 per representative per day plus expenses for transportation, food and lodging for each instructor. You may send a manager through our initial training program in Utah at no additional charge if they attend a regularly scheduled class and the class has room for additional participants [franchise agreement paragraph 7.4.1].

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Day 1			
Orientation		.5	Salt Lake City, Utah
Bread		.5	Salt Lake City, Utah
Sandwich Making		2	Salt Lake City, Utah
Expediting, Ticketing Deliveries		1	Salt Lake City, Utah
Side Dishes		1	Salt Lake City, Utah
POS Review		1	Salt Lake City, Utah
Daily Paperwork		2	Salt Lake City, Utah
Day 2			
Daily Receipts		1	Salt Lake City, Utah
POS Practice		1	Salt Lake City, Utah
Sandwich Station Practice		1	Salt Lake City, Utah
Expediting Practice		1	Salt Lake City, Utah
Box Lunch Set ups		.5	Salt Lake City, Utah
Closing the Kitchen		.5	Salt Lake City, Utah
Sysco Ordering		2	Salt Lake City, Utah
Cost Tracker		1	Salt Lake City, Utah
Day 3			
Daily Receipts		.5	Salt Lake City, Utah
Delivery Chart		1	Salt Lake City, Utah
Salad Making		2	Salt Lake City, Utah
Expediting		1.5	Salt Lake City, Utah
POS Practice		1	Salt Lake City, Utah
Food Cost Control		1	Salt Lake City, Utah
Daily Paperwork		1	Salt Lake City, Utah
Day 4			
Daily Receipts		.5	Salt Lake City, Utah
POS Practice		2	Salt Lake City, Utah
Expediting		2	Salt Lake City, Utah
Manage Deli		2	Salt Lake City, Utah

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Scheduling		1	Salt Lake City, Utah
Daily Paperwork		.5	Salt Lake City, Utah
Day 5			
Baking/Commissary		4	Salt Lake City, Utah
Expediting		2	Salt Lake City, Utah
Manage Deli		2	Salt Lake City, Utah
Daily Paperwork		.5	Salt Lake City, Utah
Day 6			
Catering Orientation		.5	Salt Lake City, Utah
Prep Ticket Training		1	Salt Lake City, Utah
Bread Trays		1	Salt Lake City, Utah
Portion Charts, Catering Guides		2	Salt Lake City, Utah
Catering set up and Delivery		2	Salt Lake City, Utah
Catering Pre-staging		1	Salt Lake City, Utah
Catering Confirmations		.5	Salt Lake City, Utah
Day 7			
Daily Receipts		.5	Salt Lake City, Utah
POS Catering Practice		1	Salt Lake City, Utah
Salads		2	Salt Lake City, Utah
Checklists, Crash Kits		.5	
Catering Set up and Delivery		1	Salt Lake City, Utah
Dessert Trays		.5	Salt Lake City, Utah
Sysco Ordering/Catering		2	Salt Lake City, Utah
Commissary/Catering		.5	Salt Lake City, Utah
Day 8			
Daily Receipts		.5	Salt Lake City, Utah
Delivery Chart/Catering		.5	Salt Lake City, Utah
Catering Set up and Delivery		2	Salt Lake City, Utah
Catering Pre-staging		1.5	Salt Lake City, Utah
Sam's Club training		1.5	Salt Lake City, Utah
Food Cost Control/Catering		1	Salt Lake City, Utah
Daily Paperwork/Catering		1	Salt Lake City, Utah
Day 9			
Daily Receipts		.5	Salt Lake City, Utah
POS Practice/Catering		2	Salt Lake City, Utah
Catering Entrée's		2	Salt Lake City, Utah
Manage Catering		2	Salt Lake City, Utah
Pick ups		1	Salt Lake City, Utah
Scheduling		.5	Salt Lake City, Utah
Day 10			
Baking/Commissary		4	Salt Lake City, Utah

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Catering Commissary Prep		2	Salt Lake City, Utah
Manage Catering		2	Salt Lake City, Utah
Daily Paperwork		.5	Salt Lake City, Utah

Alison Ainge is the Director of Training. Ms. Ainge has over 14 years of training experience with Café & Bakery Group. In addition, she worked with Arby's as an Area Training Manager for over 10 years and was a General Manager for an Arby's franchise. The trainers may change occasionally. Each trainer has had significant experience in the food service industry or in their related specialty, whether it be marketing, advertising, bookkeeping, POS system support, or new store development. All the trainers have had hands-on experience in their particular subject areas.

You may also be trained by the area representative in your territory. Each area representative's business experience is set out in Item 2. Each of our area representatives have received training from us in how to operate only the box lunch delivery and catering business.

During the training course, you and your designated trainee will be instructed in Apple Spice® franchise operations and management, and you will be provided with access to a copy of our proprietary operations manual.

In addition to the initial training program and any additional on-site assistance or training you request, as described above, we may offer occasional systemwide conference calls covering various operational or sales and marketing content. These conference calls are included in our ongoing assistance with your franchised outlet and are at no additional cost to you.

ITEM 12: TERRITORY

Under the franchise agreement, we will grant you the right to use the system and proprietary marks solely within a specific territory or territories, the boundaries of which may be negotiated prior to signing, and will be described in the franchise agreement or area development agreement if applicable. Each territory is defined as an area with approximately 5,500 businesses with 5 or more employees.

You must actively market, promote, develop, and sell your franchise business products and services in your territory. In accordance with our operations manual, other franchisees may generally advertise within your territory and you may advertise within other territories, but you may not have a direct marketing campaign in another franchisee's territory. You may take orders from an area outside your territory, so long as such area has not been granted as a territory for another franchisee, however, prior to taking any such order you must obtain our express written permission (which may be granted or withheld in our sole discretion). In the event that such area is assigned as the territory of another franchisee, any prior approval relating to such area is immediately and automatically revoked, and you will cease to service all customers within the assigned territory irrespective of whether you associated, serviced, contacted, or developed any

such customer prior to the territory being assigned to a new franchisee. Any and all customers within the assigned territory will be part of the new franchisee's territory. You will be solely responsible for any violation of another franchisee's territory, and your only recourse for another franchisee's violation of your territory is against the offending franchisee.

Your franchise must be operated from a single location within the territory of the Franchise Business as approved by us. The location of your Franchise Business Unit premises may not be changed without our prior written consent and may only be moved to another location within territory. Approval to relocate is based upon the same criteria used in approving a new franchisee's proposed site. You do not receive the right or option to acquire additional franchises.

If You have acquired multiple contiguous territories as part of your Franchise Business, you will be required to open one (1) or more satellite Units ("Satellite") if We determine that the drive time for delivery of any order will exceed thirty (30) minutes. You must receive Our prior written consent for the location of any required Satellite. Also, if you reasonably feel that one (1) or more Satellite(s) would assist in the performance of your duties and obligations as a franchisee, you are allowed to open such Satellite(s) without first obtaining Our prior written consent, but the location must be approved. Any Satellite must follow the franchise agreement and manuals Including signage and equipment.

You will not be assigned an exclusive territory for your franchise business. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will not establish another traditional franchise or company owned brick and mortar location using the trademark within your territory, but we reserve the right to sell or operate non-traditional businesses within your territory without compensation to you. These businesses may include operations at airports, stadiums, parks, businesses or industrial complexes, military bases, educational institutions, theaters, health care facilities, museums, art centers, zoos, amusement centers, community and special events, casinos, etc.

We and our affiliate also reserve the right, to sell, market and distribute Apple Spice® products, and products under other brands we control both within and outside your territory using other marketing strategies and distribution channels, such as the Internet, via apps, social media sites, catalogs and other direct sales methods, to or through grocery and convenience stores and wholesale units, co-branding with other businesses, and via the Internet and other similar marketing strategies, without paying you any compensation. Through these other marketing strategies and distribution channels we may also sell similar products or services in your territory under a different trademark, without compensation to you.

Area Development Agreement

As a multi-unit area developer, you will be assigned limited non-exclusive territories over which you will have authority to develop multiple Franchise Businesses. You may face competition from other franchisees, from businesses that we own, or from other channels of distribution or competitive brands that we control. You will enter into an area development agreement for the operation of multiple units in multiple territories, which will be included in your

area developer agreement. The schedule and number of units to be developed in your territory are negotiated between you and us; there is no required minimum number of units to be developed to enter into an area development agreement. To maintain your territorial rights, you must develop a set number of franchise businesses in accordance with the development schedule.

We will not develop, operate or grant anyone else a franchise to develop or operate a unit (except for non-traditional units) in the development territory prior to the earlier of: (i) the expiration or termination of your area development agreement; (ii) the date on which you must execute the franchise agreement for your last store pursuant to the terms of the development schedule; or (iii) the date on which the franchise agreement for your last franchise pursuant to the development schedule is signed.

Your rights under the Area Development Agreement are territorial only and do not give or imply a right to use our trademarks or system. Our only obligation is to provide territories where you have the obligation to develop single unit franchises as provided in the development schedule to the Area Development Agreement. After you have identified a potential location for a unit in a territory, we will approve the location for that unit pursuant to your franchise agreement for that unit [Area Development Agreement Sections 2.2 and 3.2; Franchise Agreement section 1.1].

We may approve exceptions to our changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to this variance yourself.

We may deny any or all of the above services to you while you are in breach of the franchise agreement or in default in the discharge of any of your obligations to us.

ITEM 13: TRADEMARKS

We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use other current or future trademarks in the operation of your franchise business as we designate. You will not at any time acquire any rights in the trademarks. By trademarks, we mean our trade names, trademarks, commercial symbols, service marks and logos.

The following trademarks, service marks, trade names, logo types or other commercial symbols listed below are registered or filed for registration with the United States Patent and Trademark Office on the Principal Register. All required affidavits and renewals have been filed.

Registration/ Serial Number	Word or Design Mark	Registry	Registration/Filing Date	Status
5,270,745	“APPLE SPICE”	Principal	August 22, 2017	Registered.

™

We do not have a federal registration for our principal logo/design mark. Therefore, our logo/design mark does not have many legal benefits and rights as a federally registered trademark. If our right to use the logo/design mark trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must use all trademarks in strict compliance with our operations manual and the Apple Spice® system. You must modify or discontinue the use of a trademark at your cost, if we modify or discontinue it. You are prohibited from using any trademark as part of your corporate name, but you must use the name Apple Spice® as part of an assumed name or dba registered with the applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of Apple Spice® names, derivatives or any other trademark used by us.

You may only use the trademarks with the letters "TM" or "SM" or "®" as appropriate. You are prohibited from using any trademark in the sale of any unauthorized product or service or in any manner not expressly authorized in writing by us. You are required to adhere fully and strictly to all security procedures required by us for maintaining the secrecy of proprietary information.

There are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court nor pending interference, opposition or cancellation proceeding, nor pending material litigation involving the trademarks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks.

We reserve the right to substitute different Marks if we can no longer use the current Mark, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

There are presently no superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory.

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We will have the discretion to take the action we deem appropriate. We have the right to control any administrative proceedings or litigation involving the trademarks. We are not obligated to protect any rights which you have to use the trademarks, or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition. We have the right to control the proceedings and you will

proceed in strict coordination and oversight by us and you may not act contrary to our rights in the marks.

You may not contest, directly or indirectly, our right and interest in our trademarks, names or marks, trade secrets, methods, and procedures which are part of our business and agree to execute documents and assurances necessary to effectuate these provisions. Any goodwill associated with the trademarks or system belongs exclusively to us.

ITEM 14: PATENTS, COPYRIGHTS, AND TRADE SECRETS

You do not receive the right to use an item covered by a patent, and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own rights to, or licenses in, any patent that is material to the franchise system.

We have not registered the operations manual with the United States Copyright Office, but we claim a copyright and consider the information proprietary, and we, or our parent or affiliate, claim protected trade secrets and copyrights in our franchise system, and our recipes and dry and other mixes used in the system.

You can use the proprietary information in our operations manual but only in connection with the system. The manual may not be copied. The operations manual must be returned to us or permanently deleted by you upon termination of your franchise agreement. As mentioned above, portions of the "system" are a trade secret or confidential and proprietary to us. You must also promptly tell us when you learn about unauthorized use of this manual and any proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. If applicable, we have the right to control any administrative proceedings or litigation. We are not required to defend or indemnify you for any damages from a proceeding based on copyright. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, in our reasonable discretion.

With regards to our proprietary information, the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us, (b) disclose this information to your employees only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us.

We claim other copyrights in sales literature and marketing materials which we, or our franchisees develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us.

There are presently no superior rights in or infringing uses of the copyrights that could materially affect your use of the copyrights or patents in your territory.

ITEM 15: OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE

ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your operating principal is not required to personally participate in the direct operation and on-premises operation of the franchise business. We require on-premises supervision by your operating principal or your designated manager who must be trained or certified by us to manage your franchise business. You, your operating principals and your managers must keep free from competing enterprises. Your operating principal is not required to work a certain or minimum number of hours; however, your operating principal must work sufficient hours to operate your franchise or supervise your manager so that your franchise business is operating at maximum capacity and efficiency. You must have at least 1 manager on-site during regular business hours. Although we do not require your operating principal to be involved in the day-to-day on-premises management, your operating principal is required to participate in your franchise business as follows: (i) be directly responsible for all accounting, reporting and bookkeeping; (ii) attend and complete all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees called by us; (iv) be directly involved with site selection, construction, remodeling and all financial components of the franchise business; and (v) your operating principal or your trained and designated manager must be directly involved in all personnel decisions affecting the franchise business.

Your operating principal and at least one manager, if separate from you, must attend and complete the initial training program unless you have been previously trained by us. Any subsequent manager must complete and be certified in our training program before they can manage your franchise business. To pass training, the operating principal and manager must demonstrate competence in several areas of running a franchise business. These areas include: knowledge of basic policies and procedures, equipment maintenance and sanitization, daily operations, record keeping, basic accounting techniques, customer service, ability to train employees, and be ServSafe certified. You must have at least one person at all times during business hours who is ServSafe certified.

We, as a matter of policy, will not assist you in any decision-making process which may affect your business operations.

Neither you, your operating principal, nor your management employees can have an interest in or business relationship with any competing fast food, cafe, catering, delivery of any type of food, or other similar businesses. Your management employees do not need to have an ownership interest in your franchise business. You, your partners, directors, officers, members, shareholders and your manager and other supervisory employees will be required to sign a standard confidentiality agreement to protect and keep confidential our trade secrets and confidential information and to conform to the covenants not to compete described in Item 17 (see franchise agreement exhibits A-3 and A-5). Your employees will also be required to sign confidentiality agreements (see franchise agreement exhibit B). You must keep free from conflicting enterprises or any other activities which would be detrimental to, or interfere with, the operation of your Apple Spice® franchise business or the franchise system. Your operating principal must conduct frequent inspections of the operations to ensure the highest standards of cleanliness and general pleasant appearance, and compliance with our approved methods. Failure to provide the required on-premise supervision is considered a default under the franchise agreement and may result in

terminating your franchise. In addition, if we or our independent service provider find that you are not in compliance, we have the option, at our discretion, to manage the store until you have found a suitable replacement to act as your manager. For this you will be charged our then-current fee (currently $350 per day, per representative), plus travel and living expenses for our representatives, and you will remain responsible for all royalties, marketing fees and all other fees required under the franchise agreement.

The franchise business must operate at least Monday through Friday every week, except holidays (unless waived in writing by us) and maintain sufficient food and supplies and employ adequate personnel to operate the franchise business at maximum capacity and efficiency. There may be an exception for the non-traditional units; these hours will be negotiated.

Any individual who owns a 5% or greater interest in the franchise business must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement. Your spouse must also sign a personal guarantee.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may carry and serve only those products, goods, and services specified and approved by us in writing. No service or product or other item may be added to, altered or discontinued by your franchise business unless it is first approved by us in writing. You must offer all menu items services and products required by us. We reserve the right to add, modify or delete products, items and or services that you will be required to offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, methods and techniques concerning all of our services and products. You must purchase all products and services from us or our approved suppliers.

We reserve the right to represent in local, national, and international marketing that certain specific food products will be found at every Apple Spice® unit, and it will be your duty to maintain those products in your menu.

All items sold by you must meet our quality standards and be prepared in conformance with our standard operating procedures. These requirements are imposed to ensure uniformity in goods and services offered.

You will not sell alcoholic beverages of any sort within the unit.

You can only make deliveries within your territory unless you have our express written permission to deliver outside your territory. You may not sell any Apple Spice® goods and services, specifically including trademarked and other proprietary items, except in the normal course of your franchise business.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP
(franchise agreement)

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 2.1	Term is 10 years.
b. Successor or extension of the term	Section 2.2	Option for 1 successor agreement of 10 years.
c. Requirements for franchisee to renew or extend[1]	Sections 2.2	The term "renew" means to enter into a successor franchise agreement. If you are approved for a successor agreement at the expiration of the initial term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights. The following conditions apply to be eligible to sign a successor franchise agreement: you give us written notice of your intent to enter into a successor agreement at least 6 months but not more than 12 months before the end of the expiring term; you sign our then current form of franchise agreement; you have complied with the modernization requirements for your unit; you are not in default and have satisfied your obligations on a timely basis; you have not, during the term of your franchise agreement, been in default of your obligations on 3 or more occasions; if leasing, you have written proof of your ability to remain in possession of the unit premises throughout the Successor term; you comply with our training requirements; you pay us, at the time the successor agreement is signed, a fee in the amount of 50% of our then-current initial franchise fee for each territory in your

Provision	Section in franchise or other agreement	Summary
		franchise agreement; and you and your owners sign a release.
d. Termination by franchisee	Section 11.4	You have no unilateral right to terminate the franchise agreement. If we materially breach the franchise agreement you may have the right to terminate the agreement based on our material breach, provided you first give us written notice of the breach and allow 60 days to cure the breach.
e. Termination by franchisor without cause	Not Applicable	We must have cause to terminate the agreement (see below).
f. Termination by franchisor with cause	Section 11.1	We can terminate if you are in default of any agreement with us.
g. "Cause" defined – curable defaults.	Paragraphs 11.1	You have 24 hours to cure health code violations, 5 days to cure illegal drug use by managers' violations, 15 days to cure monetary defaults and 30 days to cure certain other material defaults of the franchise agreement.
h. "Cause" defined – non-curable defaults.	Sections 11.1 R-EE	Non-curable defaults: conviction of a felony, fraud, repeated defaults even if cured, abandonment, trademark misuse, and other defaults listed in the franchise agreement.
i. Franchisee's obligations on termination/ non-successor	Section 12.1	Obligations include return of all proprietary materials; cease using trademarks, products, marketing materials and the trade names; complete de-identification and payment of amounts due; assignment of lease in some circumstances; and compliance with the non-competition agreement (see also r below).
j. Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign, including merging with acquisition by or sale to a competing company.
k. "Transfer" by franchisee - defined	Section 14.2	Includes assignment and transfer of contracts, security interests and ownership change.
l. Franchisor approval of transfer by franchisee	Section 14.2	We must approve all transfers but will not unreasonably withhold approval.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor approval of transfer	Section 14.8	You are not in default, all fees are current, new franchisee qualifies, transfer and training fees are paid, purchase agreement is approved, training arranged, new transferee signs the then-current franchise agreement, release signed by you (see state specific addenda).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.9	We have the right to match any offer for your franchise business within 60 days of written notice to us of the offer.
o. Franchisor's option to purchase franchisee's business	Section 14.9	Upon termination, we can buy all or any part of your assets at fair market value.
p. Death or disability of franchisee	Section 14.10	A personal representative is approved or the franchise has been assigned to an approved buyer within a reasonable time not to exceed 160 days. You will be charged a per day/per representative fee (currently $350 per person/per day), plus our costs, for us to manage your franchise business during this time.
q. Non-competition covenants during the term of the franchise	Section 16.1	No involvement in competing business anywhere without our written consent.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.3	No competing business for 3 years within your former territory or within a 25-mile radius of your territory, or within a 25-mile radius of any other then-existing Apple Spice® unit (including after assignment).
s. Modification of the agreement	Section 20.11	Modifications of the franchise agreement must be in writing and signed by all parties, but the operating manual is subject to change unilaterally by us.
t. Integration/merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document. Notwithstanding the foregoing, no provision in any franchise agreement is

Provision	Section in franchise or other agreement	Summary
		intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Paragraphs 17.2.2 and 17.2.3	Except for certain claims, all disputes must be arbitrated in Salt Lake City, Utah (see state specific addenda).
v. Choice of forum	Sections 17.2 and 19.2	Arbitration must be in Salt Lake City, Utah. Litigation, if any, must be in Utah (subject to state law).
w. Choice of law	Section 19.1	Utah Law, the Federal Arbitration Act and the United States Trademark Act apply (subject to applicable state law).

THE FRANCHISE RELATIONSHIP
(Area Development Agreement)

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

	PROVISION	AREA DEVELOPMENT AGREEMENT	SUMMARY
a.	Length of the area development agreement	Section 3.4 & Exhibit G	Term depends on the number of units to be developed under the area development agreement as specifically set forth in Exhibit G.
b.	Renewal or extension of the term	Not Applicable	No successor agreement rights under the area development agreement.
c.	Requirements for developer to renew or extend	Not Applicable	
d.	Termination by developer	Not Applicable	
e.	Termination by franchisor without cause	Not Applicable	The Area Development Agreement will terminate upon your death or permanent disability and the Development Rights are transferred within six

	PROVISION	AREA DEVELOPMENT AGREEMENT	SUMMARY
			months to a replacement developer that we approve. A default under one agreement with us may result in a termination of all of your other agreements with us.
f.	Termination by franchisor with cause	Sections 9.1 and 9.2	We can terminate your area development agreement if you are in default of the area development agreement, if you are in default of any of your franchise agreements or you are in default of any other agreement with us. In the event we terminate your area developer agreement, you may continue to own and operate all units that you have developed under separate franchise agreements and that are in compliance and not in default and each unit continues to faithfully perform the terms of each franchise agreement.
g.	"Cause" defined – curable defaults	Section 9.1.1 and 9.1.3	You have 45 days to cure a development schedule default, and 30 days to cure certain other material defaults of the area development agreement.
h.	"Cause" defined – non-curable defaults	Section 9.1.2	Non-curable defaults: conviction of felony, fraud, failure to pay, insolvency, repeated defaults even if cured and abandonment.
i.	Developer's obligations on termination/non-successor	Article 10	We may sell in your territory and you may continue as a franchisee pursuant to your signed franchise agreements.
j.	Assignment of contract by franchisor	Section 12.1	No restrictions on our right to assign including merger with, acquisition by, or sale to a competing company.

	PROVISION	AREA DEVELOPMENT AGREEMENT	SUMMARY
k.	"Transfer" by developer – defined	Sections 12.2 and 12.3	Includes assignment and transfer of contracts, security interests and ownership change.
l.	Franchisor approval of transfer by developer	Paragraph 12.2.1	We have the right to approve all transfers, but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 12.2.3 – 12.2.4	You are not in default, transferee is trained and signs the then current area development agreement, and a release signed by you.
n.	Franchisor's right of first refusal to acquire developer's business	Section 12.4	We can match any offer for your area development and/or franchise business within 60 days of written notice to us of the offer.
o.	Franchisor's option to purchase developer's business	Not Applicable	
p.	Death or disability of developer	Not Applicable	
q.	Non-competition covenants during the term of the area development agreement	Section 11.1	No involvement in a competing business.
r.	Non-competition covenants after the area development agreement is terminated or expires	Section 11.2	No competing business for 3 years within the territory or within 50 miles of your territory, or within 50 miles of another then-existing Apple Spice® unit (including after assignment).
s.	Modification of the agreement	Section 16.7	Modifications must be made in writing and signed by both parties; policies and procedures are subject to change by us.
t.	Integration / merger clause	Section 16.8	Only the terms of the area development agreement are binding (subject to state law). Any other promises may not be

	PROVISION	AREA DEVELOPMENT AGREEMENT	SUMMARY
			enforceable. Notwithstanding the foregoing, no provision in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Paragraphs 15.2.2 and 15.2.3	Except for certain claims, all disputes must be arbitrated in Salt Lake City, Utah (subject to applicable state law).
v.	Choice of forum	Section 16.2	Arbitration must be in Salt Lake City, Utah. Litigation, if any, must be in Utah (subject to applicable state law).
w.	Choice of Law	Section 16.2	Utah law, the Federal Arbitration Act and the United States Trademark Act apply (subject to applicable state law).

ITEM 18: PUBLIC FIGURES

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

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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 units, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing unit 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.

HISTORICAL ANNUAL GROSS SALES FOR APPLE SPICE FRANCHISE UNITS

Apple Spice Box Lunch Delivery & Catering Co. Franchise Units

As of December 31, 2024, 31 of the 32 Apple Spice® Box Lunch Delivery & Catering Co. franchise businesses were open for a full calendar year. No excluded outlet closed during 2024 after being open less than 12 months. The figures below represent the gross revenues for each of the 31 franchisee-owned units from January 1, 2024 through December 31, 2024. We have also included gross revenue numbers from 2023 to provide a better comparison. These numbers have not been audited for accuracy.

Year	Average Gross Revenues	Median Gross Revenues	High	Low
2024	$884,509	$727,090	$2,372,127	$77,962
2023	$822,147	$721,235	$2,208,876	$129,691

11 of 31 outlets (or 35.4%) exceeded the Average Gross Revenues and 16 of 31 outlets (or 51.6%) exceeded Median Gross Revenues.

Apple Spice Junction Franchise Units

Our current franchise model is partially based on the Apple Spice Junction® franchise business that our affiliate, ASJ Development, LC began franchising in 2003. Some of our owners currently operate Apple Spice Junction® businesses.

We have made many improvements and enhancement to the original Apple Spice Junction® business to create the new Apple Spice® Box Lunch Delivery & Catering Co. franchise model. For example, we have lowered the initial investment costs, lowered the total square footage requirements, no longer require delivery vans, require fewer employees and have simplified our menu offerings. These enhancements have also helped improve our margins.

	Original Apple Spice Junction® Business Model	**New Apple Spice® Box Lunch Delivery Model**
Square Feet Required	4,500 – 5,000	2,200

Location Type	Light industrial	Light industrial
Dining Room	Yes	No
Box Lunch Delivery Menu	Yes	Yes, same
Catering Delivery Menu	Yes	Yes
Delivery Vans Required	Yes, 4-5	No, all deliveries can be done in driver's car
Furnishings & Fixtures (Dining Room)	$30,000 - $50,000	$0
# Employees to Open	10-12	8-10
Catering Small wares Package Needed	Yes	No
Drop & Go Catering Packaging	Yes	Yes
Hours of Operation	5am – 5pm	7 am – 2pm
Locations Open	13	32

Differences Between Original & New Business Model

- The Original Apple Spice Junction® Model was founded in 1988. The new model is based on the original model, except it was enhanced by taking the best of the original model and then simplifying the operation thereby reducing costs and improving margins.
- Significant cost savings in rent due to reduction in total sq ft required (up to 3,000 sq ft less space needed)
- Reduction in buildout cost due to large reduction in location size; there is a significant drop in the amount of space needed for build-out creating a reduction in expenses for build out, staffing and maintaining a dining room.
- Equipment package is less due to the elimination of dining rooms and the reduced space needed in the kitchen.
- Delivery vans are no longer required because all Apple Spice® Box Lunch & Catering is delivered in disposable packaging and can be delivered in driver's personal cars.
- Fewer employees are required due to simplified business model and elimination of a dining room.
- Hours of operation reduced because drivers no longer need to go back to the businesses to break down and pick up catering equipment such as chafing dishes, silverware, linen, etc. and bring back to kitchen to wash.
- The Box Lunch menu is exactly the same for both models and has historically represented more than half of total sales.

All of the catering menu items offered with the new model are the same and are the most popular items that the original model has offered for 37 years.

As of December 31, 2024, there were 11 Apple Spice Junction® franchise businesses and 1 corporate owned Apple Spice Junction business. All of the Apple Spice Junction® franchise businesses and the corporate owned location were open for the full calendar year of 2024. The Apple Spice Junction® units represented below are located in various cities with different populations and businesses and have all been open since at least 2008. The figures below represent the historic revenues for each of the franchise-owned Apple Spice Junction® units and the

corporate owned unit from January 1, 2024 through December 31, 2024 that relate only to the Apple Spice® Box Lunch Delivery ("BLD") units that you would be operating. 5 of 11 locations contain a retail café, which you will not have. The revenue these stores received from services you will not provide in your franchise unit such as sales from the retail café, have been included in the gross revenue numbers. You should review all the notes which discuss some of these potential differences, as discussed previously in this Item 19, from your unit and adjustments made for these differences. These numbers have not been audited for accuracy.

Year	Average Gross Revenues	Median Gross Revenues	High	Low
2024	$1,567,486	$1,309,871	$2,584,247	$573,778
2023	$1,388,596	$1,217,018	$2,451,908	$289,073

5 of 11 (or 45.4%) exceeded the Average Gross Revenues and 5 (or 45.4%) exceeded Median Gross Revenues.

Combined Apple Spice Box Lunch Delivery & Catering Co. Units and Apple Spice Junction Units

The Apple Spice® units represented below are combined across the previously represented 31 Apple Spice® Box Lunch Delivery & Catering Co. franchise businesses that were open for a full calendar year as of December 31, 2024, and the previously represented 11 Apple Spice Junction® franchise businesses that relate only to BLD, from January 1, 2024 through December 31, 2024. 5 of 11 Apple Spice Junction® franchise businesses contain a retail café, which you will not have. The revenue these stores received from services you will not provide in your franchise unit such as sales from the retail café, have been included in the gross revenue numbers below. You should review all the notes which discuss some of these potential differences, as discussed previously in this Item 19, from your unit and adjustments made for these differences. These numbers have not been audited for accuracy.

Year	Average Gross Revenues	Median Gross Revenues	High	Low
2024	$1,063,391	$836,995	$2,584,247	$77,962
2023	$976,633	$764,395	$2,451,908	$129,691

17 of 44 (or 38.6%) exceeded the Average Gross Revenues, while 22 of 44 (or 50%) exceeded the Median Gross Revenues.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn 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 (location), however, we may provide you with the actual records of that outlet (location). If you receive any other financial performance information or projections of your future income, you

should report it to the franchisor's management by contacting Randy Clegg at 2250 South 1300 West, Suite A, Salt Lake City, Utah 84119 and (801) 433-3030, emailed to randy@applespice.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Unit Summary
For Years 2022 to 2024

Unit Type	Year	Units at the Start of the Year	Units at the End of the Year	Net Change
Franchised	2022	36	32	-4
	2023	32	31	-1
	2024	31	31	0
Company Owned	2022	1	1	0
	2023	1	1	-1
	2024	1	1	0
Total Units	2022	37	33	-4
	2023	33	32	-1
	2024	32	32	0

Table No. 2
Transfers of Units from Franchisees to New Owners
(other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Georgia	2022	0
	2023	0
	2024	0
Illinois	2022	1
	2023	0
	2024	0
Minnesota	2022	1
	2023	0
	2024	0
Total	2022	2
	2023	0
	2024	0

Table No. 3
Status of Franchised Units
For Years 2022 to 2024

State	Year	Units at Start of Year	Units Opened	Terminations	Non-Successors	Reacquired by Franchisor	Ceased Operations Other Reasons	Units at End of the Year
California	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
Colorado	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	4	0	0	0	0	3	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Georgia	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Massachusetts	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Minnesota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New York	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

State	Year	Units at Start of Year	Units Opened	Terminations	Non-Successors	Reacquired by Franchisor	Ceased Operations Other Reasons	Units at End of the Year
North Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Ohio	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
South Carolina	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Tennessee	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Texas	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	1	5
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	36	0	0	0	0	4	32
	2023	32	0	0	0	0	1	31
	2024	31	1	0	0	0	1	31

Table No. 4
Status of Company-Owned Units
For Years 2022 to 2024

State	Year	Units at Start of Year	Units Opened	Units Reacquired From Franchisee	Units Closed	Units Sold to Franchisee	Units at End of the Year
Utah	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Unit Not Opened	Projected New Franchised Units In The Next Fiscal Year	Projected New Company-Owned Units In the Next Fiscal Year
Colorado	0	1	0
Florida	1	2	0
Indiana	0	1	0
Kansas	0	1	0
Michigan	0	1	0
Missouri	0	1	0
Pennsylvania	1	0	0
Total	2	6	0

Exhibit D contains a list of our current franchisees, master licensees and affiliate owned units. Exhibit D also contains a list of franchisees and master licensees who have had a unit terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific organizations formed by our franchisees that are associated with the Apple Spice System.

ITEM 21: FINANCIAL STATEMENTS

Our audited financial statements dated December 31, 2024, December 31, 2023, and December 31, 2022, are attached as Exhibit C.

Our fiscal year ends on December 31 of each year.

ITEM 22: CONTRACTS

We have attached the following: As Exhibit B, the Franchise Agreement, as Exhibit G, the Area Development Agreement; as Exhibit H, the Release Agreement; and as Exhibit I, The Apple Spice Acknowledgment Statement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

ITEM 23: RECEIPTS

The last 2 pages of this disclosure document contain a receipt, in duplicate. The Receipt is a detachable acknowledgement that you have received this Franchise Disclosure Document. Both receipts should be signed and dated by you. One copy should be returned to us, and you should keep the other for your records. You may return the signed and dated receipt to us by either mailing it to us at 2250 S. 1300 W., Suite A, Salt Lake City, Utah 84119, by emailing it to us at franchising@applespice.com, or by faxing a copy of the signed and dated receipt to us at (801) 363-2323.

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EXHIBIT A

STATE REGULATIONS
FOR THE STATE OF CALIFORNIA

1. The California Franchise Investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

2. 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.

3. 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.)

4. 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.

5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

6. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The franchise agreement requires application of the laws of Utah, but the California franchise laws may prevail in some instances. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California laws.

8. 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).

9. 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.

10. 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.

11. OUR WEBSITE at WWW.APPLESPICE.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF 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 www.dfpi.ca.gov.

12. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.

13. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates or suppliers that the franchisor designates at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

14. Item 5 is amended to include the following:

"Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be impounded and placed in escrow until after all initial obligations owed to the franchisee under the franchise agreement or other agreements have been fulfilled by the franchisor and the franchisee is open for business, and the Commissioner has authorized release of the impounded fees in accordance with Section 310.113.4 to Title 10 of the California Administrative Code."

15. Item 6 under Late Fees is amended to include the following:

"The highest interest rate allowed in California is 10% annually."

16. Item 19 is amended to include the following:

"The earnings claim figures do not reflect the costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this offering circular, may be one source of this information."

17. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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HAWAII ADDENDUM TO **THE CAFÉ & BAKERY GROUP, LLC FRANCHISE DISCLOSURE DOCUMENT**

Item 5 is hereby amended to state:

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Hawaii Business Registration Division due to Franchisor's financial condition.

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HAWAII AMENDMENT TO THE CAFÉ & BAKERY GROUP, LLC FRANCHISE AGREEMENT

Section 5.1 of the Franchise Agreement is hereby amended to state:

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Hawaii Business Registration Division due to Franchisor's financial condition.

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HAWAII AMENDMENT TO THE CAFÉ & BAKERY GROUP, LLC AREA DEVELOPMENT AGREEMENT

Section 4.1 of the Area Development Agreement is hereby amended to state:

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Hawaii Business Registration Division due to Franchisor's financial condition.

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STATE REGULATIONS
FOR THE STATE OF ILLINOIS FOR THE FRANCHISE DISCLOSURE DOCUMENT

- For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.

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

- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.

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

ITEM 5 of the Disclosure Document is amended to add the following:

"A Surety Bond has been obtained by the Franchisor to assure its financial capabilities to its franchisee; the Bond is on file with the office of the Illinois Attorney General, and was imposed by the Office of Illinois Attorney General due to the Franchisor's financial condition."

ITEM 17 of the disclosure document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, Ill. Rev. Stat. Ch. 815 Par. 705/1 – 705/44.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE REGULATIONS
FOR THE STATE OF ILLINOIS FOR THE FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the "Act"), which govern the attached GH Franchise, LLC Franchise Agreement (the "Franchise Agreement"), the parties thereto agree as follows:

1. To the extent of any inconsistences, the Franchise Agreement is hereby amended to further state:

"Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois."

2. To the extent of any inconsistences, the Franchise Agreement is hereby amended to further state:

"Illinois law governs the terms of this Franchise Agreement."

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

> "Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

> "To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control."

5. A Surety Bond has been obtained by the Franchisor to assure its financial capabilities to its franchisee; the Bond is on file with the office of the Illinois Attorney General, and was imposed by the Office of Illinois Attorney General due to the Franchisor's financial condition

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of

the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

CAFÉ & BAKERY GROUP, LLC

By:_____

Randy Clegg, Manager, CEO and Director
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

STATE REGULATIONS
FOR THE STATE OF ILLINOIS FOR THE AREA DEVELOPMENT AGREEMENT

Illinois law governs the Area Development Agreement.

A Surety Bond has been obtained by the Franchisor to assure its financial capabilities to its franchisee; the Bond is on file with the office of the Illinois Attorney General, and was imposed by the Office of Illinois Attorney General due to the Franchisor's financial condition. Payment of Initial Franchise and Development Fees will be placed in this Surety Bond until Franchisor has met its initial obligations, and franchisee has commenced doing business.

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

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

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Area Development Agreement on the same date as that on which the Area Development Agreement was executed.

FRANCHISOR:

CAFÉ & BAKERY GROUP, LLC

By:_____

Randy Clegg Manager, CEO and Director
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____

(Print Name)

PRINCIPAL:

_____

_____

(Print Name)

STATE REGULATIONS
FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the disclosure document, the following provisions shall apply to all franchises offered and sold in the State of Indiana:

1. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall apply to the franchise agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the disclosure document and franchise agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

> "Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.
>
> At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

3. No release language set forth in the disclosure document or franchise agreement, shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. To the extent required by the franchise laws of the State of Indiana, the franchise agreement will be construed in accordance with the franchise laws of the State of Indiana.

5. The provisions of the franchise agreement pertaining to litigation jurisdiction and venue shall be amended to be within the scope of the requirements of the Indiana Franchise laws.

STATE REGULATIONS
FOR THE STATE OF MARYLAND

ITEM 5 of the Disclosure Document is amended to add the following:

Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreement. In addition, all area developer fees and initial payments by any area developer shall be deferred until the first franchise under the area developer agreement opens.

ITEM 17 of the Disclosure document is amended to add the following:

- The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

- A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

- Maryland law shall prevail.

- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.

- All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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STATE REGULATIONS
FOR THE STATE OF MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents under a franchise:

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. A requirement that a franchisee assent to a release, assignment notation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

b. The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.

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

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

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

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

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

Any questions regarding this notice may be directed to the following address:

Michigan Attorney General's Office
Consumer Protection Division
525 W. Ottawa Street, 1st floor
Lansing, MI 48909
Telephone: (517) 335-7567

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STATE REGULATIONS
FOR THE STATE OF MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

   > Minnesota statute ' 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ' 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Minnesota Rule Part 2860.4400D prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.

5. The disclosure document and franchise agreements are hereby amended to exclude from any release requirements the release of claims under Minnesota Franchise Law.

6. Any limitation of claims must comply with Minn. Stat. ' 80C.17, subdivision 5.

7. ITEM 21 is amended to include the following: The franchisor has agreed to post a surety bond in the amount of $77,100 from Nationwide Mutual Insurance Company, as a condition of its registration to offer and sell franchises in Minnesota.

_____
Franchisee (Signature)

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STATE REGULATIONS
FOR THE STATE OF NEW YORK

1. The FDD Cover Page is amended as follows:

▪ **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. ITEM 3 of the disclosure document is amended by the addition of the following language:

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil, misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. ITEM 4 of the disclosure document is amended to state that:

- Neither the franchisor, its affiliate, its predecessor, officers, or general partner, during the 10- year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. ITEM 5 of the disclosure document is amended to add the following:

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

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

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

6. The following language replaces the "Summary" section of ITEM 17(d), titled "**Termination by franchisee**": You may terminate the Agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of ITEM 17(j), titled "**Assignment of contract by franchisor**":

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

8. The following is added to the end of the "Summary" section of ITEM 17(v), titled "**Choice of forum**," and ITEM 17(w), titled "**Choice of law**":

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

STATE REGULATIONS
FOR THE STATE OF RHODE ISLAND

The following language applies to any franchise agreement issued in the State of Rhode Island:

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

Section 19-28.1-15 of the Rhode Island Franchise Investment Act states that, "A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act."

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STATE REGULATIONS
FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Café & Bakery Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosures.

The following statement is added to Item 5:
"The Virginia State Corporation Commission's Division of Securities and Retail Franchising require us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement and the area developer agreement."

The following statements are added to Item 17.h:

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and area developer agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the franchise agreement and area developer agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Item 5 of the Franchise Disclosure Document is revised to state:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement

Section 5.1 of the Franchise Agreement is revised to state:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement

Section 4.1 of the Area Development Agreement is revised to state:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

ADDENDUM TO THE FDD
FOR THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

ITEM 5 is amended to include the following:

The franchisor has agreed to post a surety bond in the amount of $100,000 pursuant to RCW 19.100.050.

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

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STATE REGULATIONS
FOR THE STATE OF WISCONSIN

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.

2. The following shall apply to Franchise Agreements in the State of Wisconsin:

    a. The Wisconsin Fair Dealership Act, Wisconsin Statues, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

    b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

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EXHIBIT B

FRANCHISE AGREEMENT

™

FRANCHISE AGREEMENT

By and Between

CAFÉ AND BAKERY GROUP, LLC

and

_____

(Franchisee)

APPLE SPICE®
FRANCHISE AGREEMENT

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APPLE SPICE®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is entered into and made effective as of _____ by and between **CAFE AND BAKERY GROUP, LLC** a Utah limited liability company (hereinafter referred as "Franchisor" and at times as "We," "Us" or "Our" as further defined in Article XXI below) and _____**, LLC/INC.**, a _____, with its principal place of business located at _____ and _____'s principals _____ _____, and individual residing at_____ and _____, an individual residing at _____ ("Principal(s)"). _____ and Principal(s) shall be collectively referred to in this agreement as the "Franchisee".

WHEREAS, We have developed a system for the operation of a box lunch delivery and catering business that prepares box lunches for delivery and catering known under the trademark "Apple Spice®," and prepares and offers various prepared foods, beverages and other related products and services (collectively hereinafter referred to as the "Franchise Business(es)" or "Apple Spice® Business(es)"). The system Includes, the Franchise Businesses, specific Marks, kitchen and prep area design and layout, color schemes, standards, Manuals (defined below), recipes, menus, operating procedures and marketing concepts, business formats, specifications for and the use of certain equipment, the sale of products, food and supply items, and the use of confidential information (herein at times the "System" and at times the "Apple Spice® System"); and

WHEREAS, We will provide You with Our confidential Manuals and other materials as created by Us; and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Franchise Business using the System developed by Us; and

WHEREAS, You declare You have had a copy of the Apple Spice® Franchise Disclosure Document for at least 14 calendar days or 10 business days, whichever is applicable, prior to signing this Agreement or making any payment to Us; and

WHEREAS, You declare that You have fully investigated and familiarized Yourself with the essential aspects and purposes of the Franchise Business and System and have been advised by counsel chosen by You of the terms and conditions of this Agreement and agree that Your consistent and uniform presentation of the System and Franchise Business are essential; and

WHEREAS, Article XXI contains certain definitions which apply to this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

ARTICLE I
AWARD OF FRANCHISE

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-transferrable, non-sublicensable personal right to establish and conduct an Apple Spice® Franchise Business (as indicated in Exhibit "A-1") as a franchisee and the right to use the System and the Marks only as specifically set forth herein. This right is granted for use only within Your territory as set forth on Exhibit "A-1" attached hereto and by reference made a part hereof ("Territory", or if You have acquired multiple territories, collectively they will be referred to as "Territories"). You agree to operate Your Franchise Business from units within the Territory approved by Us in strict compliance with the terms and conditions of this Franchise Agreement and the Manuals. A "Unit" is a physical premise that includes a kitchen and may include an office.

1.1.1 Territory Rights. Except as set forth in Section 1.3 below, We will not establish or operate a traditional company-owned outlet, or grant to any person or entity a franchise within the Territory using the same or similar System as that licensed by this Agreement; provided however, We may open outlets located in non-traditional locations, Including, airports, national accounts, convenience stores and sports venues, or a non-delivery/catering based location that We or Our affiliate may develop in the future at Our sole discretion. Notwithstanding the foregoing, neither We nor Our affiliate(s) shall be held responsible for any activities of any other franchisee(s) which may occur in Your Territory and which have not been expressly authorized by Us. In the event of such activities of any other franchisee(s), Your sole form of recourse for such violation of Your Territory shall be against such offending franchisee(s). If as Franchisee you violate any other franchisee's territory you will be responsible for all fines and penalties up to and including disgorgement of gross profit as outlined in the operations manual.

1.1.2 Site Selection. If the Units have not been located at the signing of this Agreement, You and We agree to that You may select Your Unit(s) location within an area designated on Attachment "A-1" (the "Site-Selection Area"). You will select the proposed site for the Unit(s) location of the Franchise Business within the Site-Selection Area and submit a completed site analysis package, including demographics and other material requested by Us containing all information reasonably required by Us to assess a proposed site. Within 30 days after receipt, We will advise You whether the proposed site is acceptable. We are not responsible for and do not make any warranty regarding the suitability of the site of the Unit(s). Our consent to a site means only that the site meets Our minimum standards for an acceptable location of an Apple Spice® Franchise Business. You are solely responsible for investigating the site and having any leases or sale contract for the site reviewed. We require You to utilize the services of an approved supplier to provide site identification, lease negotiations and review, construction management and other related services.

1.1.3 Satellite Units. If You have acquired multiple contiguous Territories as part of this Agreement, You will be required to open one (1) or more satellite Units ("Satellite") if We determine that the drive time for delivery of any order will exceed thirty (30) minutes. You must receive Our prior written consent for the location of any required Satellite. In addition, if You reasonably feel that one (1) or more Satellites would assist in the performance of Your duties and obligations under this Agreement, You are allowed to open such Satellite(s) without first obtaining Our prior written consent, but the location must be approved by Us. All Satellite Units are bound by the terms, conditions and obligations set forth in this Agreement and the Manuals, Including for signage and equipment.

1.2 Scope of Franchise Operations. You must at all times comply with Your obligations hereunder and must continuously use Your best efforts to promote and operate Your Franchise Business. You must utilize the Marks and System to operate all aspects of Your Franchise Business in accordance with the methods and systems developed and prescribed from time to time by Us, all of which are a part of the System.

1.3 Franchisor Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein will prevent Us from granting the right to establish or operate, or Us establishing, owning and operating a Franchise Business or similar operation outside of the Territory. Furthermore, We and Our affiliates expressly reserve the right to sell, market and distribute all Apple Spice® products in Your Territory and elsewhere using other marketing strategies and distribution channels Including catalog sales, direct sales, and the sales to and through stores, grocery stores, convenience stores, wholesale outlets, the Internet, and/or co-branding with others without compensation to You. You may not sell Our products and/or services using such reserved marketing strategies and distribution channels without Our prior written permission. You expressly acknowledge and agree that this license is non-exclusive, and that We retain, among other rights, the right, in Our sole discretion: 1) to grant other franchises or licenses for Our trademarks outside Your Territory in addition to those already granted to existing franchisees; 2) to develop and establish other franchises or licensed systems outside Your Territory for the same or similar products or services utilizing the same or similar marks, or any other trademarks and to grant franchises or licenses thereto; and 3) to use the licensed Marks in connection with the manufacture and sale of products at wholesale and at retail.

1.4 Entity Franchisee. You must have Your entity formed and registered in Your state not more than forty-five (45) days from the date of this Agreement. You must provide Us with a copy of the certificate of registration/organization and will be required to sign the Addendum attached to this Agreement as Exhibit "A-3" designating Your entity as the franchisee. This Agreement must be assigned to the proper entity within ten (10) days of formation and registration. You must designate the principal contact (the "Operating Principal") in connection with Your Franchise Business. This principal contact must be a partner, manager or controlling shareholder, and must be listed on Exhibit "A-3." Such representative will have the authority to speak for and bind You in all matters pertaining to this Agreement and Your Franchise Business. You agree not to use Our Marks or any other name similar thereto in the name of any corporation, partnership or other entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, You are required to file a DBA as set forth in Section 3.9.

1.5 Restriction of Rights. The rights and privileges granted to You under this Agreement are personal in nature. This Agreement is granted solely for the operation of the Franchise Business within the Territory at the approved Unit(s) and will not extend to the operation of a Franchise Business or any other use of the System from any other location within or outside Your Territory, or in any other manner, except as may be allowed by this Agreement. You acknowledge that We have the sole rights in and to the System and that Your right to use the System is granted by Us solely pursuant to the terms of this Agreement.

1.6 Franchisor Mergers & Acquisitions. You agree that the System needs to have the flexibility to combine with other businesses that may be in the same or similar industry or otherwise. Such combinations have the potential to work to the benefit of all members of the System as a whole. Therefore, notwithstanding anything to the contrary in this Agreement or otherwise, You agree that We can acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses whether competitive or not, with retail or other facilities located anywhere, and Including arrangements in which:

1) the retail or other facilities are, or are not, converted to the System or other format or brand (Including using the System or Marks), or 2) the System is converted to another format or brand, maintained under the System or a different system. You agree to fully cooperate with any such proposed merger and conversion at Your expense.

ARTICLE II
TERM AND SUCCESSOR FRANCHISE

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of ten (10) years, unless terminated earlier pursuant to Article XI herein. If We are required by law or otherwise to give You notice before the Termination of this Agreement, and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.

2.2 Successor Franchise. If You are not in default of the terms and conditions hereof and have: 1) complied with and timely met material terms and conditions of this Agreement throughout the initial term; 2) complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 3) timely paid all monetary obligations owed to Us during the term of this Agreement; and 4) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business, You have the right to be awarded a successor franchise ("Successor Franchise") upon the expiration of the original term for an additional term of ten (10) years by giving Us written notice by certified mail or personal delivery at least six (6) months prior to and not more than twelve (12) months prior to the expiration date of the term hereof. The initial term and the potential Successor Term will total no more than twenty (20) years counting the original and Successor Franchise terms. Your failure to give notice as provided above will constitute an election not to enter into a Successor Franchise Agreement (defined below). If You fail to enter into a Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed on a month-to-month basis and You agree and understand that You will be required to abide by Our then-current fees for royalty, marketing and other fees as set out in the Manuals. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be terminated only by Us upon thirty (30) days' prior written notice to You for any reason whatsoever.

2.2.1 Commencement Date for Successor Franchise Term. Unless another date is specified in any Successor Franchise Agreement, which date will supersede said Successor Franchise term, including any month-to-month term, will commence on the day following the expiration date of the initial or applicable Successor Franchise term.

2.2.2 Notice of Non-Approval. If, after receipt of Your notice of election to enter a Successor Franchise, We decide for good cause, not to approve the Successor Franchise, We will give You notice of non-approval as required by applicable law.

2.2.3 Successor Franchise Agreement. If approved for a Successor Franchise, You will be required to execute the then-current form of Our successor franchise agreement ("Successor Franchise Agreement"), Including personal guarantees and to sign a general release of all claims against Us arising from this Agreement, the relationship created herein or Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede, in all respects, the terms and conditions of this Agreement, and You will be obligated to pay royalties and other continuing fees at the then-existing amounts required to be paid by new franchisees. You must sign and return to Us the

Successor Franchise Agreement within ninety (90) days prior to the expiration of the then-current term, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Successor Franchise Agreement and this Agreement will terminate at the expiration of the term then in effect. **It is acknowledged by You that the form of the Successor Franchise Agreement in effect at the time may contain economic, royalty, marketing and other fees and charges, territorial, and other changes in material provisions different from those contained in this Agreement, including terms affecting payments to Us or Our affiliates.** You will make all necessary arrangements to continue the occupancy of Your existing Unit(s) through the Successor Franchise term(s), unless We give written permission to relocate Your Unit(s).

2.2.4 Successor Franchise Fee. If approved for a Successor Franchise, You must pay to Us a non-refundable Successor Franchise fee of fifty percent (50%) of the then-current franchise fee for one territory, payable in full at the time of execution of the first Successor Franchise Agreement. You will be obligated to pay royalties, marketing fees and other continuing fees charged by Us at the then-existing amounts required to be paid by and under the policies established for new franchisees. In addition to signing the then-current form of Our Successor Franchise Agreement, You acknowledge and agree that We can require You, at Your expense, to reasonably renovate, remodel, redecorate, resign, refixture and/or otherwise refurbish Your Franchise Business and Unit(s) to the extent and in the manner specified by Us to conform with and bring it up to the standards and image as We determine.

2.2.5 Successor Franchise Training. You and Your manager(s) may also attend and successfully complete any training, certification and other programs at such times and locations as We specify. You will pay the expense of travel, meals, lodging, and other related costs for such training.

ARTICLE III
INTELLECTUAL PROPERTY

3.1 Intellectual Property. You acknowledge that We and Our affiliates have the sole right to license, own and control the Marks, System, all copyrights, confidential information, trade names, trade dress and other Intellectual Property and that such will remain under Our sole and exclusive ownership and control.

3.2 Use of Intellectual Property. You have a non-exclusive right to use the Marks and other Intellectual Property only in connection with Your Franchise Business and in accordance with Our Manuals and this Agreement. You understand and agree that the use of the Intellectual Property, System and goodwill are all temporary benefits and expire with the Termination of this Agreement. You expressly covenant that during the term of this Agreement and after the Termination thereof, You will not: 1) directly or indirectly contest or aid in contesting the validity of Our ownership of the Intellectual Property; 2) in any manner interfere with or attempt to prohibit Our use of the Intellectual Property and derivatives thereof or any other name, trademark or service mark that is or becomes a part of Our System; or 3) interfere with the use of the Intellectual Property by Our other franchisees or licensees at any time. You agree to use the Intellectual Property and System only in connection with the operation of Your Franchise Business and only in the manner allowed by this Agreement and the operational standards established by Us from time to time, and only so long as You fully perform and comply with all of the conditions, terms and covenants of this Agreement and Our operations and policies and procedures We prescribe from time to time.

3.3 Our Marks. You acknowledge that as between You and Us, the Marks and derivatives thereof are valid trade names, trademarks and service marks owned by Us or licensed to Us.

3.4 Use of Marks. You will only use Our Marks licensed by this Agreement and only with the letters "TM," "SM" or "®," as appropriate and as instructed by Us, whenever and wherever such Marks are used. You will not use Your own name or any other name service or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in connection with the performance or sale of any unauthorized service or product or online at any location not approved in writing by Us. You agree not to use the Marks in any manner that would or may cause the Marks or the System to be subject to any ill repute or negative publicity. You will not use the Marks on any inter-company documents to identify Your Franchise Business or entity (Including employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts, nor shall you use the Mark in your corporate entity name. All communications with Your employees will be under Your entity name.

3.4.1 Cooperation. You agree to execute any and all additional papers, documents and assurances in connection with the Marks as reasonably requested by Us and agree to fully cooperate with Us and any of Our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other name, trademark, service mark, logo or slogan that is now or later becomes a part of Our System. You further agree to immediately notify Us as soon as You become aware of any infringement of the Marks or any part of the Intellectual Property.

3.4.2 Use in Marketing. You have the right to use the Marks to advertise only in the Territory. You are prohibited from using any licensed name or Marks in connection with the sale of any product or service not expressly authorized in the Manuals or otherwise in writing by Us. All other use of the Marks in marketing must be with Our prior written approval as set forth in this Agreement and the Manuals.

3.4.3 Modification of Marks. You agree that We have the right, in Our reasonable discretion, to require You to change, modify or discontinue the Marks or to use one or more additional trademarks, service marks, logo types and/or other symbols in connection with the operation of the Franchise Business. In that event, You agree to bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives.

3.4.4 No Registration. You agree not to make application for registration or other protection of any of the Marks, or any other trademarks, service marks, symbols, names, slogans, logos, trade names or any items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

3.4.5 Compensation and Rebates. We reserve the right to require that all items and goods bearing Our marks, other trademarks or service marks, or private label be purchased from Us or businesses designated or approved by Us. We may derive income through mark-ups on such items and goods, or We may receive a fee or other consideration from other suppliers.

3.5 Copyrights. All right, title and interest in and to all materials, Including all artwork and designs, created by Us, and used with the Marks or in association with the System ("Copyrighted Materials") are Our or Our affiliate's sole and exclusive property. Additionally, all Copyrighted Materials whether created or used by You or any other person or entity retained or employed by You or Us are "works-made-for-hire" as defined in Section 101 of Title 17 of the United States Code, the Copyright Act, (hereinafter "Works-for-Hire") are Our sole and exclusive property, and We are entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. If the Copyrighted Materials are not Works-for-Hire, or rights in the Copyrighted Materials do not automatically accrue to Us, You agree

to irrevocably transfer and assign to Us, Our successors and assigns, without compensation to You, the entire right, title, interest and ownership in the Copyrighted Materials in perpetuity throughout the world in and to any and all rights, Including all copyrights and related rights, in these Copyrighted Materials, which You and the author of these Copyrighted Materials warrant and represent as being created by and wholly original with the author. You agree to execute any document necessary to effectuate the transfer and assignment. Where applicable, You agree to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Our rights in the Copyrighted Materials as required in this Section. To the extent You have any moral or similar rights in the advertisement, materials or derivative, You expressly waive those rights.

3.6 Manuals. You agree that the Manuals and other material provided to You by or through Us will remain Our sole property and must be returned to Us at Our discretion. You acknowledge that Our recipes, menus, formulations, product specifications and the contents of the Manuals provided to You by or through Us, and Your knowledge of Our recipes, menus, formulations, ingredients, processes, services, products, know-how and the System, are secret, unique and/or confidential and contain trade secrets and other material proprietary to Us. You agree not to disclose the contents of the Manuals and proprietary items or materials set forth above to unauthorized persons and to follow the procedures set forth in Section 3.10 below to prevent unauthorized disclosure to any person. Such disclosure would cause irreparable harm. You agree to return the Manuals and all copies of all or any parts thereof and all other documents containing confidential or proprietary information to Us upon Termination of this Agreement or at such times as may be otherwise directed by Us. You agree not to copy or otherwise duplicate in any format Our Manuals recipes, formulas or any other proprietary materials.

3.7 Sole Control. You agree that We will have the sole control over any legal or administrative action concerning the proprietary names and Marks and other Intellectual Property. You must promptly notify Us in writing of any claim, demand or suit by any person, corporation or other entity based upon or in connection with any of the Intellectual Property licensed hereunder in which We have an interest. In the event We undertake the defense or prosecution of any litigation pertaining to any such Intellectual Property, You agree to execute any and all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent (but You will not have the obligation) to undertake the defense of any such proceeding and will do so at Your sole cost and in strict coordination and oversight with Us, and You may not do any act or make any claim which is contrary to or in conflict with Our rights in the Intellectual Property.

3.8 Goodwill. You acknowledge that valuable goodwill is attached to the Marks and System, and that You will use the same solely in the manner prescribed by Us and will carry out Your Franchise Business under such names and Marks in accordance with operational standards established by Us from time to time. Any and all goodwill associated with the Marks or System, Including any goodwill associated with, potential or actual customers or customer information ("Customer Data") that might be deemed to have arisen through Your activities, is Our sole property and inures directly and exclusively to Our benefit, except as otherwise provided herein or by applicable law. You acknowledge that valuable goodwill is attached to the Marks and System, and that You will use the same solely in the manner prescribed by Us and will carry out Your Franchise Business under such names and Marks in accordance with operational standards established by Us from time to time.

3.8.1 Customer Data. During the term of this Agreement. You may capture customer data only in strict accordance with Our specifications and only using those technologies and processes that are

approved by Us. Any and all data collected or provided by You, retrieved from Your POS System, or otherwise collected from You by Us or provided to Us, is and will be owned exclusively by Us and will be considered to be Our proprietary and Confidential Information. We have the right to use such data in any manner without compensation to You. We license to You the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Us, upon the expiration or earlier termination of this Agreement.

3.8.2 Data Privacy. You shall abide by Our data privacy policies. Nonetheless, You are solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data store therein; As well as comply with any law pertaining to the privacy of consumer, employee and advertisement to customers and potential customers. You, at Your sole cost and expense, shall implement all computer hardware, software, and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Your computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.

3.9 Use of Name. Within thirty (30) days of signing this Agreement, You must file for a certificate of assumed or fictitious name or DBA in the manner required by the law in the state or county where Your Franchise Business is located so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement, designating Your assigned franchise unit number in such filing. Failure to do so is a default of this Agreement. You must provide Us with a copy of Your dba registration and/or certificate. You will display a standard sign and/or plaque, as may be provided or required by Us, at Your Franchise Business location indicating that the business is independently operated and owned as a franchised business.

3.10 Maintaining Secrecy. You agree to: 1) fully and strictly adhere to all security procedures prescribed by Us in Our sole discretion for maintaining the secrecy of proprietary information; 2) disclose such information to Your employees only to the extent necessary to market Our products and services and for the operation of the Franchise Business in accordance with this Agreement; 3) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Us; and 4) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement.

3.11 Changes to the System. If You or We, during the term of this Agreement or any interim period, conceive or develop any improvements, changes, modifications, enhancements or additions to the System, Copyrighted Materials, Manuals, website or any other documents or information pertaining to or relating to the System, or any Intellectual Property related to the System or any creative concepts, marketing and promotional ideas or inventions related to the System, whether implemented in the System or not, (collectively the "Improvements"), You will fully disclose the Improvements to Us, without disclosure of the Improvements to others and will obtain Our written approval before using or implementing the Improvements. Any of the Improvements may be used by Us and all other franchisees without any obligation to compensate You. We will have complete ownership and control of such Improvements and You will assign and do hereby assign to Us, all right, title and interest in and to the Improvements, Including the right to grant licenses for the use of any of the Improvements. At Our discretion, We reserve the right to make application for and own Intellectual Property relating to any such Improvements, and You will cooperate with Us in securing these rights. We may also consider such Improvements as Our trade secrets. At Our discretion, We may authorize You to utilize any Improvements that may be developed by You, Us or other franchisees.

ARTICLE IV
CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Location of Units. You are required to purchase or lease suitable real property from which to operate Your Franchise Business within six (6) months of signing this Agreement. You must not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location. Unless waived by Us in writing, You must select, and We must approve an architectural firm that meets Our criteria to prepare a design for Your approved Unit(s). You must hire a local real estate broker familiar with commercial kitchen tenant representation to help You locate a site. Your Units must strictly comply with local zoning, state and federal laws, rules and regulations.

4.1.1 Location Approval. We must approve Your proposed location. However, it will be Your responsibility, at Your sole cost and expense, to select Your Unit(s) site within Your Territory. You must provide Us with the street address of the proposed site and such other information as We request, Including pictures or existing brochures of the proposed site. Our decision to approve or disapprove the proposed site is based upon the following general criteria: competition, access, appearance, visibility, traffic patterns, surrounding businesses, general population, parking, square feet and general vicinity. **We do not prepare demographic studies or otherwise evaluate the potential success of Your proposed site, nor do We provide You with a site checklist or other similar information, and We do not warrant or guarantee the success of the location or site.** Location approval should be completed by Us within four (4) weeks after You have notified Us that You have selected a prospective location.

4.2 Construction. Any construction of the Units must be done in strict accordance with the specifications approved by Us, but it is Your responsibility to verify that the plans conform to federal, state and local laws. You must commence construction within two (2) months from the signing of Your Lease, and construction must be completed within twelve (12) months from the date hereof.

4.2.1 Design of Units. You are required to follow Our interior and exterior design specifications for the exterior and interior finish of Your Units, as set forth in Our Manuals, at Your cost.

4.2.2 Abandonment of Construction. Abandonment of construction or stoppage of construction for six (6) or more weeks due to Your fault or neglect will be grounds for terminating this Agreement.

4.2.3 Approval of Construction. You may not operate Your Franchise Business if construction, improvements and fixturization do not conform to Our approved specifications and failure to correct any unauthorized variance for such plans and specifications within thirty (30) days after written notice from Us will be grounds for terminating this Agreement. We have the right to supervise and inspect all construction to assure compliance with approved plans and specifications.

4.3 Commencing Operations. You are required to commence operations not later than twelve (12) months from signing this Agreement and not later than thirty (30) days following completion of Your Units, and You must give Us not less than thirty (30) days' prior written notice of the opening. We have the right to inspect and approve Your Units prior to opening.

4.3.1 Failure to Commence Operations. If You fail to commence operations as provided above, this Agreement is subject to termination by Us, at Our option. You will not receive a refund of your initial franchise fee.

4.4 Equipment. You are required to obtain by purchase or lease, all inventory vehicles (if any), tools, and equipment in accordance with Our specifications and as may be necessary for proper and efficient operation of Your Franchise Business and maintain such inventory, vehicles, tools, and equipment in good working order. Each vehicle used in the operation of Your Franchise Business will display the approved colors and signage (truck wrap) and be kept clean and well maintained at all times. You are solely responsible to provide the required licenses, insurance, maintenance, and upkeep for all vehicles.

4.4.1 Vehicle Wrap. You may be required to wrap Your vehicle with a high-quality wrap advertising Your Franchise Business as directed by Us. You must keep Your vehicle wrap in good condition, free from unsightly or unprofessional wear and tear. Your vehicle (which must be approved by us) must be in good condition and repair with no external damage or unreasonable wear and tear, must accommodate all the equipment, inventory, tools, and other items needed to operate Your Franchise Business, must be approved by Us, and must meet our then current standards which may be revised from time to time in the Manuals. Each vehicle used in the operation of Your Franchise Business must display the approved logos, Marks, logos, signage, colors, and other trade dress We specify. You are solely responsible to provide the required licenses, insurance, maintenance, leases and upkeep for all vehicles.

4.5 Lease.

4.5.1 Units. You must provide Us with written notice of the location and mailing address of Your Units. We have the right to review all leases relating to Your Franchise Business prior to execution. You will submit a copy of the proposed lease to Us, within thirty (30) days of our consent to the site. Within ten (10) days of execution of the lease, You shall provide Us a copy of the executed lease. Any lease or other document of occupancy of the Units (the "Lease") must include a provision allowing the assignment of the Lease to Us or Our nominee, at Our option, in the event this Agreement is Terminated for any reason. You must also deliver an executed copy of the Lease to Us within fifteen (15) calendar days after execution. If You own a Unit, You hereby agree to lease the facilities to Us upon Termination of this Agreement at a rental not to exceed its fair market rental value.

4.5.2 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease to Us to be effective upon Our election when this Agreement is terminated by either You or Us. In such event, We will have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. You are required to have Your landlord consent to an assignment of the lease before the lease agreement is signed. The Landlord's consent is attached hereto as Exhibit "A-8" and by reference made a part hereof. We also have the right to assign the Lease to another franchisee.

4.5.3 Assumption of Lease. We will have forty-five (45) days from the date of Termination of this Agreement, whether terminated by Us or You, to exercise Our right and option to take and assume or make the Lease for the Units. If the option is exercised, We will notify You and the Landlord of Our exercise within the option period. In such event, You agree to bring all obligations under the Lease current as of the date of possession by Us, as well as to indemnify Us against all losses and costs arising by virtue of or attributable to the period of Your possession of the Units. All taxes, utilities and rentals will be prorated between Us and You as of the date of Our possession. We will not be obligated to

pay Your arrearages. After the date of possession, We agree to indemnify You against all Lease obligations attributable to the period of Our possession of the Units. You agree that no compensation for the Lease is payable by Us to You unless the Units are owned by You. The Lease will be transferred to Us without the payment of any kind to You by Us for the Lease other than the indemnification provided above.

4.6 Relocation of a Unit. You are not allowed to relocate a Unit without Our prior approval. If We do approve relocation, You will be required to pay Us Three Thousand Five Hundred Dollars ($3,500) upon the signing of a new lease.

4.7 Limitation of Units, Service Vehicle. You are not allowed to perform any other services or sell products from Your Units or service vehicle other than in association with the Franchise Business and as allowed pursuant to the Manuals.

ARTICLE V
FEES AND REPORTS

5.1 Initial Franchise Fee. A total initial franchise fee of _____ thousand dollars ($_____) ("Initial Fee") is payable to Us in one lump sum at the time of execution of this Agreement. The initial franchise fee is fully earned by Us and is non-refundable. No rights or privileges under this Agreement will exist until the initial fee is paid in full. The Initial Fee is for the right to develop _____ (__) Territories in the _____ area, as set forth by zip code and on the map attached hereto as Schedule 1, incorporated by reference herein.

5.1.1 We retain the right to terminate Your right in any Territory, as more fully set forth in Section 11.1 below, if We, in Our sole and reasonable discretion, have determined that You are unable to fulfill Your duties and obligations as set forth in this Agreement for that Territory. Termination of Your rights to any single Territory, will not impact Your rights to the remaining Territories, unless You are in default of this Agreement for all or any other single Territory.

5.2 Royalty. You will pay a non-refundable on-going weekly royalty of six percent (6%) of Your Gross Sales. The royalty is in consideration of Your right to use the Intellectual Property and the System in accordance with this Agreement, and not in exchange for any specific services We render.

5.2.1 Change in Law. In the event there is a change in the law or a discovery of a law affecting the collection of royalties, You agree to allow Us to modify which sales of products, goods or services sold or rendered by You will be calculated as "Gross Sales." In no event will the modification of royalties result in Your payment in excess of the royalty set forth above in Section 5.2.

5.3 Marketing Fees.

5.3.1 Marketing Fund. In addition to the initial franchise fee and royalty, You will pay Us a weekly marketing fee of up to two percent (2%), (currently 1%) of Your Gross Sales for Our marketing and promotion programs. The marketing fund fees are deposited into a separate bank account specifically designated for Our Marketing activities.

5.3.2 Local Marketing. You must also allocate and spend at least an additional two percent (2%) each month of Your Gross Sales for local marketing, marketing and promotion programs in Your Territory. We reserve the right to increase the minimum local marketing requirement if We

determine, in Our sole discretion, that to do so will be in the best interest of the System. Additionally, You must spend at least Twenty Thousand Dollars ($20,000) (excluding any amounts paid to Us for the marketing fee) on marketing within ninety (90) days following the opening of Your Franchise.

5.3.3 Marketing Cooperative. In the event a local marketing co-op is formed, You will be required to contribute to the marketing co-op as established and assessed by the co-op. This contribution may vary in the timing of the assessment and according to the vote and rules of Your marketing co-op but will not exceed Your required annual local marketing amount in any single year, unless a majority of members in Your marketing co-op vote to increase the contribution amount. Monies spent for co-op marketing, if any, may be counted in satisfying the above-referenced local marketing requirement.

5.4 Internal Systems Fee. Franchisor reserves the right to impose an internal systems fee upon Franchisee, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved internal systems technology for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or communications systems ("Internal Systems Fee"). In Franchisor's sole discretion, Franchisor may (i) increase the amount of the internal systems fees or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Internal Systems Fee in the manner and frequency as reasonably determined by Franchisor

5.5 Calculation and Reporting. The calculation, reporting and payment of the royalty and marketing fee specified in Sections 5.2 and 5.3 above will be made as follows:

5.5.1 Gross Sales Report. You will forward to Us by email, or other electronic reporting program We may establish from time to time, not later than Tuesday at 5:00 p.m. Mountain Time each week, a report of the financial activity of the immediately preceding week showing all monies received or accrued, sales or other services performed and such other information concerning Your financial affairs, as We may reasonably require. For purposes of this Agreement, such information will be referred to as the "Gross Sales Report." You agree to promptly provide such reports to Us as may be required by this Agreement, in the Manuals, which may be amended from time to time, or as may be otherwise reasonably required from time to time by Us. We reserve the right to require all reports to be submitted at more frequent intervals in the future.

5.5.2 Payment Due Date. All royalty, marketing fees and other fees must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. Currently, the royalty and marketing fees as shown and calculated on the Gross Sales Report are due and payable and must be received by Us or credited to Our account by pre-authorized bank debit and automatically withdrawn from Your Operating Account "Operating Account" is defined as that account into which all receipts must be deposited) not later than 5:00 p.m. Mountain Time on Tuesday of each week for the previous week's sales (Monday through Sunday) (the "Due Date"). Our current ACH agreement is attached hereto as Exhibit "A-9" and may be modified by Us at any time in Our sole discretion. We reserve the right to require an alternative payment frequency of all royalty, marketing, and other fees in the future. You agree not to have more than one Operating Account.

5.5.3 Late Fees. If the required royalty and marketing fees and Gross Sales Report or any other required reports or fees are not timely received by Us as set forth above, You may be assessed

fees. For any late fees, an assessment of Twenty-Five Dollars ($25) per day for each day the fees are not received by Us, and Twenty-Five Dollars ($25) per day for each day the report has not been received by Us. The current maximum monthly amount assessed for late fees or reports up to a maximum of two hundred and fifty dollars ($250) per month per fee or report, which is not timely received by Us. These fines are due upon demand and may be adjusted by Us from time to time in the Manuals.

5.5.4 Interest. In addition, all royalty, marketing fees, and other fees not paid when due will be assessed and accrue interest from the Due Date to the date of payment, both before and after judgment at the rate of eighteen percent (18%) per annum or the maximum rate allowed by law, whichever is less. In no event will any amounts be charged as interest or late fees or otherwise which exceed or violate any applicable legal restrictions. Unpaid interest charges will compound annually.

5.6 Taxes. If any withholding, sales, excise, use, privilege or other tax (excepting Franchisor's income tax obligation) ("Tax Charge") is imposed or levied by any government or governmental agency on Franchisor or Franchisee for any fee due and payable under this Agreement, including but not limited to, the Royalty Fee and Brand Fund Contribution (for the purpose of this Section 6.6, such fee shall be referred to as a "Taxable Payment"), then Franchisee shall pay Franchisor a sum equal to the amount of the Tax Charge, together with the Taxable Payment, such that the net sum received by Franchisor equals the amount of the Taxable Payment without deduction, withholding, payment or application of the Tax Charge.

5.7 Financial Statements. You must provide Us with monthly financial statements, Including a profit and loss statement in accordance with the standard profit and loss statement template and balance sheet template required by Us to be used by You in Your Franchise Business, by the twentieth (20^{th}) day of each month for the previous month. In addition, You must submit to Us within ninety (90) days after the end of each calendar year during the term of this Agreement, a complete financial statement for the preceding calendar year, Including profit and loss statement and balance sheet, which has been reviewed and certified by an independent public accountant. The financial statement and accompanying documents do not need to be audited unless specifically requested by Us, at Our discretion. You must also send Us a copy of Your state and local sales tax returns each quarter and a copy of Your annual income taxes each year. Such returns are to be received by Us no later than thirty (30) days following the filing due date. You must also provide us all other financial data, information and supporting records we reasonably request from time to time.

5.7.1 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agent, will have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You agree to keep complete and accurate books and records of the operation of Your Franchise Business.

5.7.2 Audit of Books and Records. In the event that any audit or investigation discloses a deficiency of two percent (2%) or more of the Gross Sales in the computation or payment of the royalty or marketing fee due Us, You must immediately pay Us the amount of the deficiency, the appropriate fee for late charges, and You must reimburse Us for the total expense of the audit or investigation, Including, the charges for the accountant and the travel expenses, room, board and other costs incurred in connection with the audit. Your failure to report Gross Sales for any time period or Your failure to retain and have readable and organized required records available in a readable and organized manner will be deemed an understatement by more than two percent (2%).

5.8 Application of Payments. We can apply any payments received from You to any past due or then-current indebtedness of Yours for royalties, marketing fees, franchise fees, purchases, late fees, interest or otherwise.

5.9 No Refunds. The royalty fees, marketing fees and all other fees set forth in this Agreement are not refundable.

5.10 Funding. You are solely responsible for obtaining all funding for Your Franchise Business. Failure to obtain sufficient initial funding for 6.1.6 Your Franchise Business is grounds for termination of this Agreement.

5.11 Territorial Violation Fee. For any violation(s) of any other franchisee's territory, such as completing a delivery in another franchisee's territory, You will subject to the following:

5.11.1 for a first (1st) offense, forfeiture of any revenue generated by offending franchisee for offending activity, plus Five Hundred Dollars ($500);

5.11.2 for a second (2nd) offense and subsequent offense, forfeiture of any revenue generated by offending franchisee for offending activity, plus One Thousand Dollars ($1,000);

5.11.3 additionally, at Our sole discretion, a third or subsequent offense shall be a material default subject to immediate termination of offending franchisee's franchise agreement.

ARTICLE VI
FRANCHISEE'S OPERATIONAL COVENANTS

6.1 Business Operations. In addition to other obligations, requirements and covenants set forth in this Agreement, You agree as follows:

6.1.1 Compliance with Applicable Laws. You will adapt, at Your expense, the specifications to Your Franchise Business location in accordance with local, state and federal laws, rules and ordinances, Including zoning laws. You are solely responsible for ensuring compliance with the American's with Disabilities Act, the Patriot Act, OSHA, environmental laws, worker's compensation laws, the Affordable Care Act and all other applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business. You agree to obtain all required permits and licenses for the operation of Your Franchise Business. You agree to indemnify and hold Us harmless from any such violation or non-compliance. We have not made, and You have not relied on any representation that no licenses, or only certain licenses, etc., are necessary in connection with the operation of Your Franchise Business. You agree to not engage in any activity or practice which results, or may reasonably be anticipated to result, in any public criticism of Our System or any part thereof. You must also comply with federal, state, and local health and consumer protection laws and regulations governing the food service industry and concerning food preparation, handling, storage, truth in menu laws concerning menu item names and product labeling, nutritional claims, and local labor regulations, Including minimum age and minimum wage laws.

6.1.2 Appearance and Customer Service. You must establish and maintain the Units and all vehicles in a clean, attractive and repaired condition, and must give prompt, courteous and efficient service to the public and otherwise operate Your Franchise Business in strict compliance with Our System and policies, practices and procedures contained in the Manuals or otherwise communicated to You in

writing and promulgated or provided to You from time to time so as to preserve, maintain and enhance the reputation and goodwill of Our System. We reserve the right to require that Your employees comply with any dress code, Mark or other brand-related standards that We may require and/or otherwise identify themselves with the Marks at all times in the manner We specify while performing services for or otherwise representing the Franchise Business. If Your Franchise Business is not maintained in a clean and attractive manner based on the standards of Our System as determined by Us, You may receive a fine or charge as provided in the Manuals, and if uncured, this Agreement may be terminated at Our discretion. You may not alter, change or modify the System in any way without Our prior written consent and approval.

(i) You agree to arrange the fixtures, signs, furniture and décor of the Franchise Business in strict compliance with the format recommended by Us and to strictly follow the System as outlined in the Manuals and to work with Our suppliers providing such items.

(ii) In addition, equipment, products, interior décor items, furniture, fixtures, wall coverings, uniforms, and signs must be purchased from sources designated or approved by Us; and

(iii) For delivery and installation, You are required to work directly with the manufacturer or services of any approved or required products, equipment, supplies and materials. We do not offer assistance in delivery or installation of any required or approved purchases.

6.1.3 Signage. You must have at least one (1) exterior and one (1) interior sign displaying Our Marks. In addition, You agree to have the number of additional signs as provided in Our Manuals. All signs to be used on, or in or in connection with Your Franchise Business must meet Our specifications and must be approved in writing by Us prior to use by You. You agree to maintain all signs in good condition and to undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary.

6.1.4 Training. Your Operating Principal and Your managers, if other you're your Operating Principal, are required to attend and successfully complete Our training program prior to opening Your Franchise Business. The training program is described in Section 7.4, and You must attend and complete other training programs as may be specified by Us from time to time for which a fee may be charged.

6.1.5 Other Agreements. You agree to execute all other agreements required under this Agreement and to provide Us with a copy within fifteen (15) days of execution.

6.1.6 Management. Your Operating Principal is not required to personally participate in the direct operation and on-premises operation of the franchise business. We require on-premises supervision by Your Operating Principal or Your designated manager who must be trained or certified by us to manage Your Franchise Business. Your Operating Principal is not required to work a certain or minimum number of hours. However, You must maintain sufficient inventory, supplies and products, and Your Operating Principal must work sufficient hours and employ adequate personnel to operate Your Franchise Business or supervise Your manager so that Your Franchise Business is operating at its maximum capacity and efficiency. You must disclose the identity of Your designated manager to Us and You must immediately notify Us in writing if Your designated manager is no longer acting in such capacity. You must have at least 1 manager on-site during regular business hours. Although We do not require Your Operating Principal to be involved in the day-to-day on-premises management, at a minimum, Your Operating Principal is required to participate in Your Franchise Business as follows: (i)

be directly responsible for all accounting, reporting and bookkeeping; (ii) attend and complete all training and retraining courses required by us; (iii) attend any annual or special meetings of franchisees called by Us; (iv) be directly involved with site selection, construction, remodeling and all financial components of the franchise business; and (v) Your Operating Principal or Your trained and designated manager must be directly involved in all personnel decisions affecting the franchise business. You, Your Operating Principal, and Your manager(s) must keep free from any conflicting or competing enterprises or any other activities which would be detrimental to or interfere with the operation of Your Franchise Business. You understand and agree that this Agreement is granted based on Your commitment to Your Franchise Business. The possible success of Your Franchise Business is largely a function of the time, skill and energy You devote to it. Absentee management may significantly increase the risks associated with Your Franchise Business.

6.1.7 Operational Hours. You must operate Your Franchise Business at least Monday through Friday each week, except holidays throughout the year (unless waived in writing by us) and at the hours We may designate. There may be an exception for the non-traditional units; these hours will be negotiated.

6.1.8 Remodel and Upgrades. At Your expense, You must repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish Your Units from time to time as We may reasonably direct, but not more often than every five (5) years (except for required changes to the Marks, which We may require at any time) to conform to the building design, color schemes and presentation of trade dress consistent with Our then-current public image, Including structural changes, remodeling, redecoration of the furnishings, fixtures and décor and such modifications to existing improvements as may be reasonably necessary, such that all Our franchisees and franchise businesses will have a generally similar look and appearance. In the event You relocate a Unit to a new approved location, You must bring Your new Unit up to Our then-current standards. Upon successor term and upon transfer you will be required to remodel the Units.

6.1.9 Your Employees. You are solely responsible for the hiring, firing, compensation, benefits, managing and training of Your employees. We do not assist You in the hiring, firing, management or other employment decisions regarding Your employees, or in creating any policies or terms and conditions related to the management of Your employees or their employment. You acknowledge and agree that You, in your sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual or otherwise defined by law. You specifically agree that any training We provide for Your employees is geared to impart to those employees, with Your ultimate authority, the various procedures, protocols, systems and operations of a Café and Bakery Group LLC Franchise and in no fashion reflects any employment relationship between Us and such employees. If ever it is asserted that We are the employer, joint employer or co-employer of any of Your employees in any private or government investigation, action, proceeding, arbitration or other setting, You irrevocably agree to assist Us in defending said allegation, appearing at any venue requested by Us to testify on Our behalf, participate in depositions, other appearances or preparing affidavits rejecting any assertion that We are the employer, joint employer or co-employer of Your employees.

6.1.10 Insurance.

(i) Minimum Limit Requirements. You must at all times during the entire term of this Agreement and at Your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated "A" or better by A.M. Best & Company, Inc., which minimums may be adjusted from time to time in Our sole discretion:

(a) Liability Insurance:

(1) General liability insurance insuring against all liability resulting from damage, injury, or death occurring to all persons or property in or about the Franchise Business Units (Including products liability insurance), the liability under such insurance to be not less than $1,000,000 per occurrence and $3,000,000 in the aggregate or leasehold minimum, whichever is greater (combined single limit for personal injury, Including bodily injury or death, and property damage); and

(2) Commercial auto liability Including all owned, non-owned and hired autos used in the business with a limit of liability of not less than $3,000,000 (combined single limit for personal injury, Including bodily injury or death, and property damage); and

(3) Excess "umbrella" liability providing liability insurance in excess of coverages listed in Paragraphs (a)(1) and (2) above, with a limit of not less than $3,000,000.

(b) Property Insurance. Casualty insurance insuring all Your goods, fixtures, furniture, equipment, inventory and other personal property located on Your Units providing insurance to the extent of 100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage.

(c) Business Interruption Insurance to recover lost income in the event Your Franchise Business is unable to operate for a period of time covering at least seventy-five percent (75%) of Your annual revenue or the actual loss sustained, whichever is greater.

(d) Umbrella Insurance of not less than $1,000,000 if a claim is in excess of your other insurance policies.

(e) You must also maintain and keep in force all insurance on Your employees that is required under the applicable federal and state laws.

These policy amounts are required minimums, but Your Lease may require higher amounts with which You are required to comply. In the event of damage to Your Units covered by insurance, the proceeds of any such insurance must be used to restore the facility to its original condition as soon as possible (not more than 160 days) unless We consent otherwise in writing.

(ii) Policy Requirements. These policies must insure both You, Us and Our nominees as additional insureds, without regard to any other insurance program which We may have in effect, against any liability which may accrue by reason of Your ownership, maintenance or operation of the Franchise Business wherever it may be located. These policies will stipulate that We will receive a thirty (30) day written notice of cancellation, modification or termination. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment within thirty (30) days of issuance.

You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. We strongly recommend that You speak to a local insurance company that can advise You on all the required and recommended insurances to operate Your Franchise Business. We make no guarantee that additional insurance may not be required or valuable

in Your state or Territory. If You fail to obtain insurance and keep the same in full force and effect, We may obtain this insurance at Our discretion and You will pay Us upon demand the premium costs, plus ten percent (10%). Failure to obtain and maintain the required insurance constitutes a material breach of this Agreement entitling Us to terminate this Agreement. We may periodically increase the amounts of coverage required and/or require different or additional coverage. You will also procure and pay for all other insurance required by city, state and federal law.

6.1.11 Pricing. We may, to the degree permitted by law, suggest retail prices and specify maximum and/or minimum pricing You may charge for products and services. If We impose a maximum price for any product or service, You may charge any price for the product or service up to and Including the maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and Including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. You cannot advertise or promote (whether by telephone, printed or electronic materials, or any other media, Including Social Media) prices lower than, or inconsistent with, Our suggested prices outside of Your Franchise Business Units. Our pricing policies are intended to benefit the System as a whole and may not maximize Your profits.

6.1.12 Computer and POS System. At Your expense, You must purchase or lease the computer and point of sale ("POS") system and other computer hardware and software systems designated by Us in strict accordance with Our specifications as they evolve over time. If We adopt a different computer system, POS system or other system in the future, You must adopt it at Your expense. You must modify and upgrade, or change, at Your sole expense, Your computer system, POS system, hardware and software as We direct in writing from time to time. You must provide Us full 24-hour 7 day a week access, Including online access, and the right to "upload" or "download" information to and from all POS, computer and other systems, and to the information and data contained in them. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems. You must use any software We designate from time to time. You agree that You will not make any claim against Us or Our affiliates for any loss, damage, liability or expense caused by or related to failures, errors or otherwise of any computer, POS, hardware or software system.

(i) Retention of Records. You must record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us from time to time. You must have high speed, broadband Internet access at the levels required in the Manuals. You must retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all of Your other business records and related back-up material, tax returns and financial reports for at least five (5) years following the end of the year in which the items pertain Including after Termination of this Agreement. You are required to follow Our accounting procedures and line items as provided and updated in Our Manuals.

(ii) Merchant Account. At Your expense You agree to participate in Our merchant account and other point of sale programs as set forth in Our Manuals.

(iii) Data Security Standards. At Your cost and expense, You must investigate and ensure that You comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements; however, We reserve the right to approve of the vendor You use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse us for

the audit if you are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements Including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, Including, security threats, breaches, and malware. It is Your responsibility to alert Us, not later than 24-hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect customer data and notify relevant parties. You are not permitted to collect, store, transfer, etc. any unnecessary customer information.

6.1.13 Conferences and Seminars. In Our discretion, We may hold annual conferences or "franchise meetings" on a regional or national basis for all franchisees in good standing. These meetings will enable franchisees to come together to discuss improvements, new developments, mutual concerns and resolve business issues. If We determine to hold a conference, attendance is mandatory. The conferences may be held at various locations chosen by Us. In addition, We may charge a conference fee, not to exceed $1,250, and the cost of meals, lodging, employee salaries and travel to such meetings must be borne by You. This fee shall be payable by you regardless of whether you or a substitute person attends the conference or meeting. We may conduct additional seminars and/or franchise meetings to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, marketing programs and merchandising procedures. If held, You may be required to attend, and You must pay for all Your travel and living expenses.

6.2 Quality Control.

6.2.1 Correction of Defects. Should We notify You at any time of defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Your Franchise Business, You agree to immediately correct any such item or items. You agree to establish and maintain an image and reputation for Your Franchise Business consistent with the standards set forth in this Agreement, in the Manuals, or as otherwise specified by Us. If You fail to do so, You may receive a fine or charge as provided in the Manuals, and this Agreement may be terminated if a non-curable default is discovered or default have occurred on multiple occasions as set forth in Article XI.

6.2.2 System Compliance. You agree to strictly follow Our System, the Manuals, systems, recipes, formulations, and other directives promulgated or provided by Us from time to time and to promptly implement such changes in Your Franchise Business and to act in good faith in all Franchise Business and System matters and dealings. We may approve exceptions or changes from the uniform standards, which We, in Our sole discretion, believe necessary or desirable. You have no right to object to such variance or to obtain the same variance for Yourself. You must at all times maintain a valid email address, known and available to Us and frequently checked by You to facilitate Our communications with You. We will assign an email address to You and those You designate under the domain name of "Applespice.com" which You may use for the duration of this Agreement. You understand and agree that We may access any emails sent through accounts at applespice.com. All mandatory specifications, standards, operating procedures, and System changes prescribed by Us from time to time in the Manuals or otherwise will constitute provisions of this Agreement as if fully set forth herein. We may deny any or all of the above services to You while You are in breach of this Agreement or a related agreement, or in default in the discharge of any of Your obligations to Us.

(i) Incentive Programs. If We adopt a loyalty, coupon, gift, or other discount or incentive program, You will be required to implement such program in Your Franchise Business, which may include access to a bank account, established by You, for card charges made at other of Our franchise units.

(ii) Required Purchases. You must purchase all the Apple Spice® food and beverage products, equipment, logoed and Apple Spice® branded items and other items and supplies from sources designated or approved by Us. We will provide You with a list of specifications for approved food and beverage products, equipment, supplies and materials.

(iii) Modifications. We have the right to modify, delete, add to and otherwise make systematic and other changes to the System, Intellectual Property, Manuals and operations, Including change of concept, products, services, specifications, standards, requirements, policies, operating procedures, equipment, software, methods, reports, forms and sales and marketing techniques. You agree to accept, comply with, be bound by, use, not object to, implement and display any and all such changes to the System or operations. You will make whatever expenditures are reasonably required to implement such changes or modifications. The modifications may obligate You to invest additional capital in Your Franchise Business and to incur higher operating costs. You must incorporate all such modifications within the time periods that We specify. We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement. You are prohibited from making modifications to the System, Including to any recipes, to product packaging or any use of the Marks. You must strictly adhere to the supply chain as set forth by Us, and to use only Our approved menu items, products, suppliers and vendors.

(iv) Inspections and Visits. You hereby consent to reasonable inspections and audits during normal business hours of Your Units and/or service vehicles as set forth in Section 7.5 below.

(v) Non-Compliance. You will be subject to fines and charges as set forth from time to time in the Manuals, for non-compliance with Our mandatory policies and procedures. Such fines and charges are to be paid upon billing or in accordance with Our electronic funds, ACH or other automatic withdrawal program as developed.

(vi) Non-Contravention. You agree that You will not, at any time, undertake any action, either verbally or in writing, to circumvent, contravene, disparage or undermine the purposes of this Agreement, the System, Café & Bakery Group, LLC or its officers, owners, partners, directors, members, managers, representatives, agents or employees.

6.3 Security Agreement. To secure payment of all sums owing to Us from You, whether they be Royalty Fees, Brand Fund Contributions, and/or other fees, costs, damages, or reimbursements pursuant to this Agreement or any other agreement between Us and You, You grant Us a security interest in the Collateral (as hereafter defined) and further agrees:

6.3.1 The Collateral means all furniture, fixtures, equipment, signage, inventory, and supplies of the Franchised Business, wherever located, that are now owned or hereafter acquired, and any additions, substitutions, replacements, or products thereof or proceeds therefor.

6.3.2 This Agreement shall be deemed a security agreement, and We, in Our discretion, may file with applicable state agencies or offices this Agreement and/or one or more financing statements indicating Our secured interest in the Collateral. You shall cooperate with Us and shall execute such documents as may be necessary for Us to perfect its security interests.

6.3.3 Upon a default of this Agreement by You, all sums owed to Us from You shall be immediately due and payable, and We shall have the immediate right to possession and use of the Collateral, which includes Our right to enter upon any premises, without legal process, where the Collateral may be found. We further shall have all rights, options, duties, and remedies of a secured party pursuant to the Uniform Commercial Code, as adopted by the State where the Collateral is located, including the right to dispose of the Collateral in accordance therewith.

6.3.4 Our exercise of Our rights with regard to the Collateral are in addition to and not exclusive of any other rights or remedies that We may have pursuant to this Agreement, at law, or in equity for Your breach of this Agreement.

6.4 Miscellaneous Obligations.

6.4.1 Personal Guarantees. If Your Franchise Business is owned by a business entity, each individual owner, partner, shareholder, member, and owner managers respectively, who own five percent (5%) or greater interest, and their spouses, must each personally sign an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and agree to be personally bound by, and liable for, the breach of every provision of this Agreement.

6.4.2 Drug Testing. We may require You and Your management employees to submit to random drug testing at the time and place We feel necessary to ensure Your compliance with Our policies regarding drug use in the System; however, We are under no obligation to perform such testing on Our or Your behalf. You are required to provide Us a copy of all drug testing results within thirty (30) days from the time You receive such test results.

6.4.3 Vending Machines. No vending machine, cigarette machine, amusement devises, juke boxes, or other devices of similar nature, whether or not coin operated, are allowed to be installed or used at Your Units without Our prior written consent.

6.5 Standards and Control. Any required standards exist to protect Our interest in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to You.

6.6 Required Notices. You are required to provide Us with prompt notice (within five (5) business days of receipt) of any default with regards to late payment of any taxes, government fines, payments owning to any vendors, landlords, or amounts owing to employees or contractors.

ARTICLE VII
FRANCHISOR'S OPERATIONAL ASSISTANCE

7.1 Franchisor's Services. We agree to the following. We may contract for these services to be managed by Our affiliate:

7.1.1 Layout and Design. Counsel You in the physical aspects of setting up the Units associated with Your Franchise Business. We will provide You with general specifications for each Unit's layout, signs, equipment and interior décor (as applicable). You must meet Our design standards and specifications unless waived in writing by Us. You must adapt the above at Your own expense, to Your site in accordance with local, state and federal laws, rules and ordinances with Our approval. You are

responsible to obtain any required permits and to ensure compliance with the Americans with Disabilities Act.

7.1.2 Suppliers and Products. Provide You with a list of specifications and a list of approved or designated suppliers of Apple Spice® food and beverage products, equipment (Including software and phone systems), signs, all logoed items and other items. At Our discretion, at any time, We may add to or discontinue working with any of Our vendors or suppliers. There is no guarantee or promise that the relationship with any of Our current vendors or suppliers will continue or be available to the System.

7.1.3 Opening Assistance. For at least Your first unit, We will provide You with ten (10) days of on-site opening assistance. This is provided at no additional charge to You. This on-site opening assistance generally occurs around the projected opening date of Your first Unit. If You postpone or reschedule Your opening, You must reimburse Us for any of Our costs to reschedule Our opening assistance.

7.2 Operations Assistance. We will furnish You with guidance relating to the general operation of Your Franchise Business and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, Skype, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. However, for problems and training for Your POS system and other equipment and warranty items, You must consult with the respective manufacturer or supplier of those items. We are not required to provide in-person assistance to You. If You feel additional assistance is necessary (such as management training or motivational training for staff), We will provide such assistance to You based on advance notice, availability of personnel and Your payment of compensation at a rate of Three Hundred and Fifty Dollars ($350) per day per person, or at such other rate as may be in effect at the time, plus the cost of food, travel and lodging incurred by Us. In addition, We may provide You with such continuing advisory assistance in the operation of Your Franchise Business.

7.3 Warranties. The respective manufacturers may replace defective equipment, products or software and other items purchased pursuant to the standard limited warranties of the manufacturer, and You agree to look to the manufacturer for any defective equipment, products or software. We or the Area Developer will replace defective products and other inventory items purchased directly from Us pursuant to Our standard limited warranty, if any.

7.4 Training. We will train Your Operating Principal in the various practices, policies and procedures of operation of Your Franchise Business in Our training program. The cost of the initial training is Ten Thousand Dollars ($10,000) and is due at the time of signing this Agreement. Prior to attending our initial training program, Your Operating Principal must complete any pre-class operational and sales training We designate. The pre-class training Includes video or online presentations, and/or a review of certain materials, documents, checklists and information We provide to You. We estimate that the pre-class training may take up to forty (40) hours. The initial training will take place in Salt Lake City, Utah at Our training center, headquarters**,** or at another location designated by Us. Your Operating Principal, and Your manager, if separate from Your Operating Principal, are required to attend the same training and successfully complete the training program. The length of training is generally two (2) weeks, but could be longer if Your Operating Principal or Your designated manager fails to successfully complete the training. Your Operating Principal and Your attendees must complete training at least 30-45 days prior to the opening of Your Franchise Business. Successful completion will be determined by Our trainers but may include demonstrating knowledge of basic policies and procedures, food preparation and assembly,

daily operations, record keeping, computer system competency, marketing, and customer service. All attendees are required to pass written exams and receive a certificate of completion upon successful completion of the training program as determined by Our trainers. Attendees will have a reasonable opportunity to retake exams, but failure to successfully complete training after being given a reasonable opportunity to retake the exams (3 times) is a default of this Agreement. The training instruction is provided by Us for up to three (3) persons. You must bear the cost of all travel, lodging, meals and all other living costs and expenses and salaries, for each of Your attendees at the training session. Additional persons to be trained will be at a cost of Three Hundred Fifty Dollars ($350) per person per day, plus all expenses.

7.4.1 Replacement Training. After the initial training, You will be primarily responsible for training Your new management personnel, including any new Operating Principal. We reserve the right to certify any management personnel or any new Operating Principal before they can begin work, or to require that new management personnel be trained by Our representatives. Our current fee for such additional training at Our facility is Three Hundred and Fifty Dollars ($350) per person per day to be trained. You must also bear the costs of travel, food, lodging and salaries of Your employees and attendees in connection with this training. We will train Your Operating Principal and/or Your new manager at Your place of business for a fee of not less than Three Hundred and Fifty Dollars ($350) per day plus Our expenses for transportation, food and lodging of each instructor. If required, Your Operating Principal and Your new manager must be trained and certified within thirty (30) days of hire. You may send a manager through Our initial training program in Utah at no additional charge if they attend a regularly scheduled class and the class has room for additional participants. If You initially purchased just a Box Lunch Delivery unit/territory, but then add catering later, You will have to be trained by Us and pay the additional Ten Thousand Dollars ($10,000) training fee.

7.5 Inspections and Visits. We may conduct periodic evaluations and inspections of Your Franchise Business at reasonable intervals by Our duly authorized representative or the Area Representative, if any, for compliance with the System, customer service and the standards and procedures set forth in the Manuals. Our inspections may Include Your Units, vehicles, business records, operating procedures and reports, Including all computer drives and electronic storage devices, delivery procedures and requirements, for preparation and procedures, POS system, reports, account records and tax records. Upon Our request and at all reasonable times, You will provide to Us (electronically or CD at Our election) video and/or digital images of the interior and exterior of Your Units and business vehicles as set forth in the Manuals. We may provide You a written report with any suggested changes or improvements for the operation or management of Your Franchise Business or detail any defaults in operations which become evident as a result of any such evaluation or inspection. Fines and charges may be assessed for failure to meet Our evaluation or inspection standards in accordance with Our Manuals for such defaults, plus Our costs, or termination of this Agreement if a non-curable default is discovered. We may require, based on Your defaults or poor performance, that We step in to manage Your Franchise Business for a period of time, as We deem advisable. In such event, you will pay the fee required for our management of the franchise in the event of your unexcused absence or death. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, bulletins or other written materials, telephone consultations and/or consultations at Our offices or at Your Franchise Business in conjunction with an inspection of Your Franchise Business. We have the right to communicate directly with Your manager and assistant manager concerning all matters of an operational nature. Your failure to provide us access for inspections of Your business, or any on-site consultation, assistance and/or guidance pursuant to this Section 7.5 shall be considered a default of this Agreement.

ARTICLE VIII
PURCHASE OF PRODUCTS

8.1 Approved Products and Services. You agree to use, carry and provide only those menu, food and beverage items and other inventory items, products, goods and services that meet Our specifications and/or that are purchased from approved suppliers in accordance with Our Manuals. You agree to promptly add, remove or modify any menu, food, or beverage item, product or service immediately upon notice from Us. You are prohibited from selling, leasing or offering any products or services not authorized by Us in writing.

8.2 Your Purchases. We or Our affiliate may derive revenue from the sale of required goods or services through mark-ups in prices We charge to You for goods and supplies purchased from Us or We may receive compensation or discounts from the supplier for Your purchase of such items. You agree that We and/or Our affiliates are entitled to such fees and/or other consideration. Any monies paid to Us for goods or services are non-refundable.

8.3 Unapproved Suppliers or Products. You are prohibited from using any non-approved supplier or vendor where an approved supplier or vendor is required by Us. Using a non-approved supplier or vendor may result in termination of this Agreement.

If You desire to purchase or sell any items from an unapproved supplier, You must submit to Us a written request for such approval or request the supplier itself to do so. We may require You to submit samples, ingredient lists and other data to permit Us to ascertain whether any such items meet Our specifications. We will notify You in writing and within a reasonable time as to whether such product, item, equipment or suppliers meets Our specifications. You will be required to pay a testing fee to cover and reimburse Us for Our costs and expenses of testing. The testing fee is not refundable whether or not we approve a supplier or product. A supplier who is able to provide products, equipment and/or supplies meeting Our specifications may become an approved supplier for Your Franchise Business only or for the System as a whole. We may, from time to time, make changes or alterations in the standards and specifications for the above items and approved suppliers. Should We approve a new item, the rights in and title to such items will become Our property. At Our discretion, We may revoke Our approval of an approved supplier upon thirty (30) days' written notice.

ARTICLE IX
MANUALS

9.1 Manuals. We will loan You a copy of or allow electronic access to review Our proprietary and confidential Manuals. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property and may be used by you only in association with Your Apple Spice® franchise business, and only during the term of the franchise agreement. The Manuals contain mandatory and suggested specifications, standards and procedures for the operation of Your Franchise Business. We have the right to update, modify and otherwise change the Manuals at Our sole discretion in order to maintain the goodwill associated with the System and the Marks. You will promptly and continuously comply, at Your expense, with all provisions of, and modifications or changes to the Manuals. The master or most updated copy of the confidential Manuals maintained by Us will be controlling in the event of a dispute relative to the contents of the confidential Manuals.

9.2 Standards and Procedures. We may establish, from time to time, performance procedures, standards and specifications ("Standards") for the operation and Marketing of Your Franchise Business

and the products and services provided, and which will become part of the Manuals and System. We may change or update these Standards at Our discretion. You must strictly follow these Standards. Failure to do so is grounds for termination of this Agreement.

ARTICLE X
MARKETING

10.1 Marketing Fund.

10.1.1 We have established a national marketing and brand development fund (referred to as the "Marketing Fund") on behalf of the System for national advertising and marketing. You are required to contribute an amount equal to one percent (1%) of the Gross Sales generated weekly by Your Franchise Business to the Marketing Fund ("Marketing Fund Contribution"). We reserve the right, in Our sole discretion and at any time and from time to time, to increase the amount of the Marketing Fund Contribution to any amount not to exceed two percent (2%) of Gross Sales. Payments will be made in the same manner and time as the Royalty Fees. If You fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Section 5.4.3 and 5.4.4 hereof, We shall collect one hundred twenty percent (120%) of the last Marketing Fund Contribution payable. We shall reconcile amounts when Gross Sales are reported.

10.1.2 We shall direct all brand advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all franchised businesses operating under the System.

10.1.3 We or Our Affiliate(s) may, but have no obligation to, contribute to the Marketing Fund on the same basis as You with respect to Apple Spice outlets operated by Us or Our Affiliate(s).

10.1.4 We may use the Marketing Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars or assistance and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper, and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting market research, employing advertising agencies to assist therein; developing, enhancing and maintaining any website related to the System and other departmental costs for advertising that We internally administer or prepare). We will not use the Marketing Fund to pay for advertising that is administered or prepared by Us for use in providing placement of local advertising on Your behalf.

10.1.5 The Marketing Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System. The Marketing Fund will not be sued to defray any of Our general operating expenses, except for reasonable administrative costs and overhead that We may incur in activities related to the administration and direction of the Marketing Fund and such costs and expenses pursuant to Section 10.1.4. The Marketing Fund and its earnings shall not otherwise inure to Our benefit.

10.1.6 In administering the Marketing Fund, We undertake no obligation to make expenditures for You that are equivalent or proportionate to Your contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising or any Marketing Fund expenditures.

10.1.7 Although the Marketing Fund is intended to be of perpetual duration, We May terminate it at any time and for any reason or no reason. We will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

10.2 Marketing Cooperative. At such time as We determine that there are a sufficient number of Apple Spice® franchises in a marketing Area (defined below), as designated by Us, We may form a local and/or regional marketing cooperative association covering such areas as We, in Our discretion, deem appropriate, and We may disburse such funds as We believe appropriate from the Marketing Fund to any such local and/or regional cooperative marketing associations for local and/or regional marketing. The required contribution amount is listed in Paragraph 5.3.3. Once established, We will provide the governing documents and make them available to all franchisees within the cooperative area. Upon the formation of a local or regional cooperative marketing association, You will automatically be deemed to be a member of such association as covers the area in which Your Franchise Business is located and will be bound by any decisions made by such association upon a majority vote by members, unless You have a non-traditional Unit. Non-traditional Units are not required to participate in cooperative marketing.

Each member will have the right to cast one vote per franchise unit in good standing in the applicable association. All franchisees, and company and/or affiliate owned units, if any, within the marketing cooperative area will be required to join and contribute to the fund on the same basis or rate. The cost of marketing and promotional programs will be allocated among the members in the Marketing Area and each member will contribute equally to the local co-op fund based on a per franchise unit basis in the Marketing Area. “Marketing Area” is defined as a market with two (2) or more units in the same television, radio or newspaper market, as determined by Us. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time.

10.3 Local Marketing Requirement. You are required to Market locally as set forth in Section 5.3.2. In addition, and upon request, You must submit an itemized report to Us documenting proof of expenditures for local marketing in a form We may require.

10.4 Sample Marketing. Upon Your reasonable request, We will provide You samples of marketing and promotional materials developed by Us from time to time. Additional copies will be made available at cost plus ten percent (10%) for shipping and handling.

10.5 Promotional Materials. We may, at Our discretion and as available from time to time, send to You promotional materials and bulletins developed by Us or on Our behalf, new marketing developments and new or improved marketing techniques, which You agree to use in Your Franchise Business.

10.6 Approval of Marketing. You may develop Marketing and promotional materials and digital Marketing programs for Your use at Your cost. All such materials must be approved by Us in advance and in writing in accordance with Our Manuals. Marketing that has been submitted by verified receipt or submission will be deemed approved if You do not receive written approval or disapproval within ten (10) business days from the date We receive the submission. Any Marketing You create or use

becomes Our property and are considered Works-for-Hire and can be used by Us or other franchisees without compensation to You and may be made available on Our website. We have the right to disapprove previously approved Marketing material and program at any time.

10.6.1 Marketing Compliance. You agree that all Your marketing and promotional activities must be done in strict compliance with Our Operations Manual and in good taste and must reflect favorably upon Us and the System. You agree to submit to Us, prior to publication, copies of all marketing, promotional and public relations materials, proposed to be used by You, Including, any use of the Internet, or other electronic or Social Media along with a description of how it will be used, by what media published and such other information thereon as may be reasonably requested by Us. All use of the Internet, or other digital, electronic or Social Media by You in connection with Your Franchise Business will be specified by Us from time to time, and We can prohibit or condition any use by You of the Internet, or other digital, electronic or Social Media in Our discretion. You are required to participate in all email, marketing and other programs as developed by Us, Including the collection of customer emails and participation in using and promoting apps, as developed by Us and as directed in Our Manuals.

10.7 Internet and Social Media. You may not create a website, apps, or Social Media site, or similar electronic media whether now or later developed, or use or obtain a domain name consisting of all or any part of the Marks, or that would be confusingly similar to all or any part of the Marks. You may not engage in marketing on the Internet, including posting items/services on third-party re-sell or auction style websites, Including eBay®, Craigslist, or Amazon.com. You may be allowed to place pre-approved information concerning Your Franchise Business on Our website and Social Media site, as developed by Us. You are required to provide Us all usernames, passwords and account information and any other information related to any of Your websites and Social Media site accounts, and/or provide Us with administrator access, immediately upon Our request. You may not claim any web listing on sites such as Yelp or Yellowpages.com, etc. You must strictly comply with the policies and procedures established by Us regarding websites, Social Media and Internet marketing. Failure to comply with Our policies, procedures or Manuals is considered a breach of this Agreement.

10.8 Your Obligations to Market. We will work together to develop plans for growth, capturing market share and name recognition. Neither We nor You are restricted from marketing Your Franchise Business in the Territory. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. You are allowed to market Your Franchise Business outside of Your Territory as more fully set forth in the Manuals.

ARTICLE XI
BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach or violate and fail to cure, if curable, any material term, condition or provision of this Agreement in any respect or default in the performance or fulfillment of any material term or provision of this Agreement, Including those breaches set forth herein below. In the event of termination, You will lose all Your Territories if You have purchased multiple Territories. Paragraphs 11.1 A-R, provide a specified cure period for certain breaches or defaults, while Paragraphs 11.1 S-FF list non-curable breaches or defaults.

Twenty-Four (24)-Hour Cure Period

A. Health Code Violations. All health code violations must be cured within twenty-

four (24) hours of an inspection by Us or the applicable governmental agency overseeing restaurant safety, except for threats to the public safety which may be cause for immediate termination.

Five (5)-Day Cure Period

B. Illegal Drug Use by Employees. We discover that any of Your business managers or other employees use illegal drugs or abuse prescription medication.

Fifteen (15)-Day Cure Period:

C. Failure to Pay. You fail to pay for any product, franchise fee, royalty fee, purchase price, marketing fee, transfer fee, Successor Franchise fee, or other fee or amounts due to Us, any of Our affiliates, Our Area Developer or other designated, approved or other suppliers or assigns, within the time period specified for such payments by this Agreement, the Manuals or an agreement specifying the payment concerned.

D. Failure to Accurately Report. You fail to accurately report Your Gross Sales or fail to submit any reports or records required under this Agreement or the Manuals.

E. Unauthorized Product Re-sell. You post for re-sell items on any third-party re-sell or auction style website without Our prior written permission.

F. Default Notice of Lease Agreement. You receive a notice of default under Your Lease.

G. Unauthorized Closure. Your Franchise Business is closed, or You are unable to service Your Territory(ies) for a period of five (5) or more consecutive days without Our prior written approval, which consent will not be unreasonably withheld or delayed, or You move the location of a Franchise Business Unit without Our prior written approval.

H. Act in Contravention. You perform or undertake any action to undermine or circumvent this Agreement, the System, or Café & Bakery Group, LLC as more fully set forth in paragraph 6.2.2(vi).

Thirty (30)-Day Cure Period:

I. Failure to Open. You fail to open Your Franchise Business and commence operations within twelve (12) months of the date hereof or otherwise forfeit the right to transact Your Franchise Business, fail to open any Satellite in the time specified, fail to timely register an entity or fail to timely register a DBA or similar filing for use of the franchise name in the state where Your Franchise Business is located.

J. Non-Compliance. You fail or refuse to maintain and operate Your Franchise Business in a good, clean and professional manner and in compliance with the System and Manuals or the standards of quality or uniformity otherwise prescribed by Us.

K. Sale of Unauthorized Products/Services. You sell products, goods or services other than: 1) those approved or designated by Us; 2) which fail to conform to the System and specifications; 3) which are not in accordance with the methods or specifications prescribed by Us; or 4)

You fail to sell the products or services designated by Us.

L. Failure to Transfer. Your heirs fail to affect an approved transfer within a reasonable time (not more than one hundred and sixty (160) days) following Your death or permanent incapacity (see Section 14.10).

M. Failure to Allow Inspection. You deny Us the right to conduct an audit of Your books and records, or to inspect Your Units, vehicles or operations, or You fail to correct deficiencies noted by Us or otherwise fail to comply with any provision of the Manuals.

N. Non-Promotion of Business. You fail to use Your best efforts in promoting and developing Your Franchise Business, You fail to Market as required under this Agreement, You fail to participate in a marketing cooperative when established by Us in Your area, or You fail to employ adequate personnel to operate Your Franchise Business at maximum capacity and efficiency.

O. Insurance. You fail to maintain insurance as provided herein.

P. Violation of Laws. You fail to comply with any material federal, state or local law or regulation applicable to the operation of Your Franchise Business or fail to pay when due, obligations of taxing authorities, landlords, and other obligations of Your Franchise Business.

Q. Failure to Complete Training. Your Operating Principal or Your designated manager fail to complete the initial training, or other required management trainings.

R. Other Breaches. Except as provided below, You fail to comply with any other provision of this Agreement or the Manuals.

No-Cure Period:

S. Insolvency. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization.

T. Unauthorized Duplication. You duplicate the System or use the System or any part thereof in connection with any other business.

U. Repeated Breaches. You repeatedly breach (defined as three (3) or more times) the same or different conditions of this Agreement or the Manuals within any twelve (12) month period.

V. Unauthorized Use of Marks. You use any Mark or other proprietary or property right, either tangible or intangible, granted by this Agreement other than in connection with the operation of Your Franchise Business.

W. Public Safety. Your maintenance or operation of Your Franchise Business results in a threat or danger to public health or safety.

X. Misrepresentations. You make any material misrepresentations relating to the acquisition of the Franchise Business, or You engage in conduct which reflects materially upon the

operations and/or reputation of Your Franchise Business or the System in an adverse manner. Or You engage in conduct that reflects materially and unfavorably upon the operation or reputation of Us or the System.

Y. Abandonment. You abandon Your Franchise Business or close the Franchise Business without Our prior authorization or consent.

Z. Unauthorized Transfer. You attempt to Transfer, (as defined in Article XVI below) all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or an unapproved percentage of Your franchise entity, or You attempt to purport to sublicense to another any of the rights, property licensed to You hereunder, or You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

AA. False Reporting. You knowingly or intentionally conceal revenues, maintain false books, or records or submit any false report or payment or otherwise defraud Us.

BB. Crimes. You or any of Your owners, officers, directors, members, managers or principals commits or is convicted of or pleads guilty or no contest to, a felony, a crime involving moral turpitude or any other crime, offense or behavior that We believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Our interest therein. You or Your owners, officers, directors, members, managers or principals make disparaging remarks against Us, Our parent, subsidiaries, predecessors or affiliates, Our management, Our employees, the System, or the Apple Spice® brand to Our other franchisees or in a public forum, Including radio, television, newspapers, the Internet, and Social Media sites. Any such behavior will be damaging to Our System and goodwill and will be a material breach of this Agreement.

CC. Unauthorized Competition. You fail to comply with the covenant not to compete during the term of this Agreement or intentionally or recklessly disclose or use the contents of the Manuals, trade secrets or confidential or proprietary information provided to You by Us in violation of this Agreement. You hire or attempt to hire any employee of Ours without written permission.

DD. Default of Lease Agreement. Your lease agreement for the Units is terminated.

EE. Illegal Drug Use. You or Your officers, directors, members, managers or principals of You or Your entity use illegal drugs or abuse prescription medication or refuse to submit to a drug test.

FF. Default of Another Agreement. You, or a related entity to You, default under the terms of any other franchise agreement or multi-unit development agreement with Us.

11.1.1 Adequate Assurance. When reasonable grounds for insecurity arise with respect to the performance of Your obligations under this Agreement, We may in writing demand adequate assurance of due performance and, until We receive such assurance, We may reasonably suspend any performance of Our obligations. Failure to provide Us with adequate assurances within thirty (30) days, when properly demanded, will be considered a default of this Agreement for which no additional cure period will be granted.

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You must do to cure the specific default(s) within the cure period. In the event of a default by You, all of Our costs and expenses arising from such default(s), Including reasonable legal fees and reasonable charges for Our employee's time related to the default(s) must be paid to Us by You within five (5) days following Our demand for payment.

11.2.1 24-Hour Curable Default. If the default is curable as set forth in Paragraph 11.1 A above, You must cure all such defaults within twenty-four (24) hours from the date of inspection, or date You otherwise become aware of the health code violation or problem; or

11.2.2 5-Day Curable Default. If the default is curable as set forth in Paragraph 11.1 B above, You must cure all such defaults within five (5) days from the date of notice of default; or

11.2.3 15-Day Curable Defaults. If the default is curable as set forth in Paragraphs 11.1 C-H above, You must cure all such defaults within fifteen (15) days from the date of notice of default; or

11.2.4 30-Day Curable Defaults. If the default is curable as set forth in Paragraphs 11.1 I-R above, You must cure all such defaults within thirty (30) days from the date of notice of default; or

11.2.5 No Cure Period Defaults. If the default is one which is incapable of cure as set forth in Paragraphs 11.1 S-FF above, termination is effective as of the date of the notice of default.

Notwithstanding anything to the contrary herein, We have the right, to be exercised in Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

11.3 Failure to Cure. Upon Your failure to cure any default within the time period specified in Paragraphs 11.2.1 and 11.2.2 above, or if You commit a non-curable default as specified in Paragraph 11.2.3 above, We may proceed to enforce any or all of the following non-exclusive remedies in accordance with this Agreement, and the pursuit of any one remedy will not be deemed an election or waiver by Us to pursue additional remedies:

11.3.1 Actionable Claim. We maintain the right to commence an action or claim for the balance of any monies due hereunder, including, penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

11.3.2 Injunctive Relief. We maintain the right to commence an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby, Including: 1) improper use of the Marks or System; 2) unauthorized assignment of this Agreement; 3) violation of the covenant not to compete; and/or 4) Your failure to meet or perform Your obligations upon Termination of this Agreement. If We secure an injunction or order of specific performance, You will pay all reasonable costs incurred by Us in obtaining the injunction, Including reasonable attorney's fees.

11.3.3 Termination. We maintain the right to Terminate this Agreement and proceed to enforce Our rights under the appropriate provisions. Such termination will be effective upon delivery of a notice of termination to You without further action by Us.

11.3.4 Other Remedies. Seek any other remedy available to Us at law or in equity.

11.3.5 Cross Default. In Our sole discretion, We may terminate any other agreement You or a related entity have with Us.

11.4 No Right of Termination. You may not terminate this Agreement.

11.5 Opportunity to Cure. Prior to taking any action against Us, or the Area Developer, You agree to first give Us and the Area Representative**,** if applicable sixty (60) days' prior written notice and an opportunity to cure any alleged act or omission. If such act or omission cannot be cured within such sixty (60) day period, and We **or** the Area Representative are diligently continuing efforts to attempt to cure such alleged act or omission, You will give Us **or** the Area Representative such additional time as is reasonably necessary to cure.

ARTICLE XII
TERMINATION AND EXPIRATION

12.1 Upon Termination of this Agreement for any reason, You will immediately cease to be Our franchisee and must:

12.1.1 Payments Due. Immediately pay for all product purchases, royalty and marketing fees and other charges, fees and obligations owed or accrued to Us, Our affiliates or designated suppliers. In addition, You will be responsible to pay Us any post-term expenses, Including, attorney's fees and costs to enforce Your post-term obligations.

12.1.2 Cease Use. Not hold Yourself out as an Apple Spice® franchisee or business and immediately comply with the following: permanently cease to advertise or in any way use the System, Intellectual Property, apps, materials, methods, procedures, processes and other commercial property and symbols, or promotional materials provided by or licensed to You by Us or in any way connected with the Franchise Business or System.

12.1.3 Disassociation. Take all necessary steps to disassociate Yourself from the System and Your Franchise Business, Including the removal of signs, destruction of letterheads, changing of telephone listings, telephone numbers, Internet sites and web pages and the like and to assign and transfer the telephone listing, telephone numbers, email addresses, URL's, home and other web pages and Social Media pages to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, and Social Media pages and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers.

12.1.4 Cancel DBA. Take such action as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration, which contains any Mark of Ours or in any way identifies You as being affiliated with Our System.

12.1.5 Notify Suppliers. Immediately notify all suppliers, utilities, creditors and concerned others that You are no longer affiliated with Us or the System and provide proof to Us of such notification. You covenant not to use any of Our trade secrets or confidential or proprietary information

or materials following the Termination of this Agreement and not to identify any present or future business owned or operated by You as having been in any way associated with Us or the System.

12.1.6 Return Materials. At Your cost, return to Us by first class prepaid United States Mail, (Including originals and any copies) Our Manuals, all training, marketing and promotional aids and materials and all other printed materials and any other Confidential Information obtained by You from Us pertaining to the operation of Your Franchise Business.

12.1.7 Modification of Units. You will, at Your expense, alter, modify and change both the exterior and interior appearance of Your Franchise Business Units to Our satisfaction, so that it will be easily distinguished from the standard or common appearance of an Apple Spice® business and will cease using the signs, displays, marketing, promotional materials and the like that are unique or distinctive to the System.

12.1.8 Pay Damages. Pay to Us all costs, damages and expenses, Including reasonable attorney's fees incurred by Us in obtaining injunctive or other relief to enforce any provision of this Agreement.

12.1.9 Proprietary Information. Cease using or availing Yourself of any of Our proprietary or Confidential Information.

12.1.10 Customer Data. Provide Us with all Customer Data for all current, prior and expectant customers of the Franchise Business.

12.1.11 General Release. Execute a general release by You and Your guarantors.

12.1.12 Evidence of Compliance. Furnish evidence satisfactory to Us of compliance with this Section 12.1 within thirty (30) calendar days after the Termination of this Agreement.

12.2 Upon Termination of this Agreement or any Successor Franchise, for any reason:

12.2.1 No Compensation. No payment is due to You from any source on account of any goodwill, intangible assets or other equity claimed by You arising from Your operation or ownership of Your Franchise Business, or otherwise. All goodwill connected in any way with Your Franchise Business or the System belongs now and, in the future, exclusively to Us.

12.2.2 No Refund. No fees, charges, royalties, marketing fees or other payments of any kind from You to Us are refundable in whole or in part.

12.2.3 No Equity. You will have no equity or other continuing rights to use the System or Intellectual Property or goodwill of the Franchise Business.

12.2.4 Payment to Customers. You must refund all customer gift card and gift certificate amounts as required under Your state's applicable laws. In the event We are required to pay any customer reimbursement amounts, You will be responsible to pay Us the reimbursement amount, plus a fee of one hundred dollars ($100) for Our time.

12.3 Survival of Provisions. All of the provisions of this Agreement, which by their terms or implication apply following the Termination of this Agreement, will survive and will apply following

Termination of this Agreement, Including Your obligation to pay all amounts owed, and You will continue to observe the confidentiality, non-competition and other restrictions of this Agreement and the provisions with respect to arbitration and dispute avoidance.

12.4 Our Rights. If You continue to operate Your Franchise Business, or any business offering similar products and services, or use any of the Marks or any aspect of the System, after Termination of this Agreement, using any of the Marks or any aspect of the System, Our remedies will Include, recovery of the greater of (a) all profits earned by You in the operation of Your business or similar business after such Termination; or (b) all royalties, marketing contributions and other amounts which would have been due if such Termination had not occurred.

12.4.1 Liquidated Damages for Non-Compliance; Payment of Our Costs in Securing Compliance. In the event You fail to comply promptly with any of Your obligations in this Article XII: (a) You agree to pay Us Two Hundred Fifty Dollars ($250) per day for each day that You are in default, as a reasonable estimate of the damages suffered by Us; and (b) to prevent further injury, We may hire a third-party or use Our own personnel to de-identify Your Units and/or to carry out any other obligations on Your behalf. This liquidated damages obligation will not affect Our right to obtain appropriate injunctive relief and other remedies to enforce this Article XIV, its trademark rights, or the covenants to not compete.

12.4.2 Additional Equitable Remedies. The amounts contemplated under Section 12.4 do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Accordingly, as a purely liquidated damages provision, Section 12.4 does not preclude and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

12.5 Cumulative Rights. Our rights provided above are cumulative and in addition to any other right or remedy available at law or in equity.

ARTICLE XIII
PURCHASE OPTION

13.1 Purchase Option. Upon Termination of this Agreement, You hereby grant to Us the right to:

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your inventory, equipment, signs and accessories and other personal property relating to Your Franchise Business at the then-existing fair market value of such item or items as of the date of Termination of this Agreement. If the fair market value is not agreed to by the parties, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within sixty (60) days of such Termination ("Option Period") by giving written notice to You of Our intent to exercise Our option to purchase. We have the right to use Your assets and Units during the Option Period, and in such case, We will pay You the fair market value of such use. Unless otherwise agreed by You, the purchase price as determined hereunder will be paid within thirty (30) days of providing notice of Our intent to purchase. If We have not notified You of Our election to exercise this option within the Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose.

13.1.2 Assumption of Lease. We have the right, during the Option Period, to assume Your lease under the provisions of paragraph 4.5.3 above.

13.1.3 Warranties. The purchase contract for such assets and contracts, as set forth in Paragraph 13.1.1 above, will include standard representations, warranties, covenants and indemnities from You as to the assets and contracts being purchased, Including warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

13.2 No Goodwill. We have no obligation to pay for goodwill or other intangible assets or costs of Your Franchise Business.

ARTICLE XIV
SALES OR TRANSFERS OF THE FRANCHISE

14.1 Our Right of Assignment. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns. We may be sold or We may sell any part of or all of Our Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction. You waive all claims, demands and damages with respect to any transaction or otherwise allowed under this Section or otherwise. You will fully cooperate with any such proposal, merger, acquisition, conversion, sale or financing.

14.2 No Assignment by You without Approval. This Agreement is personal as to You, and is being entered into in reliance upon and in consideration of Your qualifications and representations. Therefore, neither this Agreement nor any of its rights or privileges, nor any shares or units in the ownership of Your entity or Your Franchise Business may be assigned, sold or Transferred (as defined below) in any manner by You or anyone else unless Our prior written approval is obtained. You will provide Us with all documentation relating to the transfer of Your Franchise Business. Said approval will not be unreasonably withheld, but may be conditioned upon Our satisfaction with the character, business experience and credit rating of the proposed transferee and its partners, members or officers and controlling stockholders, if it is a partnership, corporation or limited liability company. The term "Transfer" as used in this Article XIV and elsewhere where capitalized, includes any direct or indirect assignment, transfer, division, trade, sale, gift, pledge, mortgage or granting of any security interest.

14.2.1 Transfer of Territories. For each transfer of a Territory, or a group of Territories to be serviced by a single Unit, You must fulfill each of the obligations more fully set forth in Section 14.8 below. In addition, You must give Us at least one (1) month notice of the proposed transfer so that We will have time to disclose to the proposed transferee. Failure to provide this required notice may result in a delay of Our approval of any proposed transfer.

14.2.2 Transfers to Competitors Prohibited. In order to maintain the confidentiality of the proprietary information of the System, You agree that as a condition to becoming a franchisee, You cannot sell, Transfer, any part of this Agreement or any part of Your entity, if applicable, to a competitor of Ours or an affiliate of a competitor of Ours without Our written permission. Any such Transfer without Our written approval will be considered void ab initio and may result in damages and fees against You.

14.3 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, Including the net worth, credit worthiness, background, training, personality, reputation, and business experience of the proposed transferee, the terms and conditions of the transfer and any circumstances that would make the transfer not in the best interests of Us or the System, Including the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer. Neither We nor Our affiliates will be liable to You or the transferee or any other person or entity relating to the Transfer and You agree to indemnify and hold Us harmless from any liability whatsoever relating thereto.

14.4 Application for Transfer. Upon any proposed transfer of this Agreement, or any interest in it, You agree to submit to Us an application in the form specified by Us on behalf of the proposed transferee.

14.5 Transfer Fee. As a condition of Our approving the Transfer of this Agreement or Your Franchise Business, You agree to pay to Us a transfer fee of Ten Thousand Dollars ($10,000) per Territory, or group of Territories to be serviced by a single Unit, transferred. The transfer fee is non-refundable and is only payable at the time of the approved transfer.

14.6 Permitted Transfers. If a proposed Transfer is only among existing owners to an entity controlled by and owned not less than sixty percent (60%) by You, Including Your current owners, there will be no transfer fee, and We will not be entitled to exercise Our right of first refusal. Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face that Transfer thereof is subject to the restrictions of this Agreement. Any new owner with an ownership of five percent (5%) or more in Your Franchise Business must, with their spouse, personally guaranty the obligations of this Agreement.

14.7 Involuntary Transfers Void. Involuntary transfers of this Agreement by You, such as by legal process, are not permitted, are not binding on Us and are grounds for termination of this Agreement. You agree that using this Agreement as security for a loan, or otherwise encumbering this Agreement is prohibited, unless We specifically consent to any such action in writing prior to the proposed transaction. You agree not to purport to grant a sub-franchise under this Agreement nor to otherwise seek to license or permit others to use this Agreement or any of the rights derived by You under it. Any attempt to transfer this Agreement or Your Franchise Business in whole or in part, or any material portion or property used by You in connection herewith, whether or not binding on Us, will be grounds for the immediate termination of this Agreement, unless such transfer is authorized in writing by Us.

14.8 Conditions of Transfer. Prior to the effective date of transfer of this Agreement or Your Franchise Business and as a condition for Our approval of any transfer, You agree as follows:

14.8.1 Compliance. You must be in full compliance with this Agreement and not be in default hereunder. All accounts payable and other monetary obligations to Us or Our affiliates or subsidiaries must be paid in full. You must have submitted all required reports, financial statements and other documents.

14.8.2 Written Proposal. The terms and conditions of the proposed transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of

the transfer must not, in Our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchise Business.

14.8.3 Assumption of Obligations. All Your obligations in connection with Your Franchise Business must be assumed by the transferee.

14.8.4 New Franchise Agreement. The transferee must sign the then-current form of the Franchise Agreement and fully upgrade the Franchise Business and Unit(s) to the level required of new franchisees.

14.8.5 Payment for Training. The transferee must pay for and complete the training program required of new franchisees. The cost of such training will be Ten Thousand Dollars ($10,000) plus the cost of travel, food and lodging for the trainers.

14.8.6 Transfer Fee. You must pay the transfer fee set forth in Section 14.5.

14.8.7 General Release. You and each of You must execute a general release releasing Us of any claims You may have against Us.

14.8.8 Receipt of FDD. At Our discretion, the transferee must sign a document stating that it has received a copy of the franchise disclosure documents at least fourteen (14) calendar days or ten (10) business days, whichever is applicable in Your state, prior to closing and that We have made no representations, promises, or covenants concerning the past or future success of the franchise.

14.8.9 Survival of Covenants. Your non-competition, indemnity and confidentiality obligations and the provisions relating to dispute resolutions will survive any transfer.

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your assets, this Agreement, the Franchise Business or ownership in Your entity (collectively "Assets") on such terms and conditions specified in a bona fide written offer from a third-party, who would satisfy the criteria for approval under Section 14.3 other than a Transfer to an entity controlled and owned at least sixty percent (60%) by You. You agree to notify Us in writing of the terms and conditions of the Transfer, Including the Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed Transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer, Including any additional data concerning the transaction requested by Us from You, We will have sixty (60) days in which to advise You in writing of Our election to have the Assets transferred and assigned to Us on the terms and conditions agreed to by the prospective transferee. Should We elect to purchase the Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the Transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to thirty (30) days beyond the date originally indicated for the completion of the Transfer in order to allow the completion of the transaction in a manner more convenient to Us. If You are a corporation or limited liability company, then the above right of first refusal provisions will apply to the Transfer of control or forty percent (40%) or more of the shares of the corporation or ownership or membership interests in the limited liability company from how

they are owned at signing this Agreement. If Your Franchise Business is not Transferred to such third-party within three (3) months after We elect not to purchase the Assets, You must re-offer the Assets to Us before You may Transfer to a third-party. We have no obligation to purchase Your Assets.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Assets proposed to be transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth under Section 14.8 above. However, if there are any material changes in the terms and conditions of the proposed Transfer after You notify Us of the proposed Transfer, Including any changes in the terms and conditions occurring after We notify You of Our election not to purchase the Assets pursuant to Our right of first refusal, and any of those changes are less favorable to You, You agree to notify Us of the changes in writing and We will have an additional ten (10) days within which to elect to purchase the Assets proposed to be transferred on the revised terms and conditions. If the proposed Transfer is not completed for any reason after We elect not to purchase the Assets being Transferred, a new right of first refusal commences as to any subsequent proposed Transfers by You.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or general partner or manager of an entity franchisee (the term "incapacity" means any physical or mental infirmity that prevents the person from performing his or her obligations under this Agreement: (i) for a period of sixty (60) or more consecutive days, or (ii) for one hundred (100) days during a calendar year), the heirs or personal representative will have the right to continue Your Franchise Business; provided that within a reasonable time (not more than one hundred and sixty (160) days) after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new managers and franchisees, Including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to transfer Your Franchise Business. If a decision to transfer is made, the transfer procedures explained above will apply. If We are required to run Your Franchise Business for a time due to Your death, incapacity, unexcused absence or as otherwise allowed under this Agreement, We will charge an operation fee of three hundred and fifty dollars ($350) per day per representative, plus Our costs of travel, food and lodging. In addition, You will continue to pay all royalties, marketing fees and other fees due under this Agreement.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to transfer to Your spouse or a third-party all or any part of Your interest in this Agreement or Your franchisee entity and/or in any property related thereto, such an order will constitute a transfer of this Agreement and will cause the transferee to be subject to all of the terms and conditions concerning transfers set forth herein above.

14.12 Acquisitions. If We receive an offer to acquire a majority of the Apple Spice® franchises outstanding or to purchase a majority of Our assets or stock, or to merge or go public or similar transactions, We have the option, but not the obligation, to purchase all of Your rights and interests in and under this Agreement and Your Franchise Business at fair market value. The purchase price will be determined by an independent appraiser of Our choosing, which appraisal shall be performed at Your cost. The purchase price will not include compensation for any successor term or goodwill. Local goodwill may be considered in determining the value of Your Franchise Business. Local goodwill is that goodwill which is established in the mind of the public within Your Territory, and only within Your Territory discounted by Our Ownership of the Marks. If the purchase option is exercised, You will execute a general

release to Us. We will close Our purchase within sixty (60) days after You receive notice of intention to exercise Our right or as soon thereafter as reasonably practical.

ARTICLE XV
RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes You as Our partner, agent, joint employer, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are responsible for the management and control of Your Franchise Business, Including, its daily operations, managing and directing employees, contractors and sales persons and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense Including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party will act or have the authority to act as agent for the other, and neither You nor We will guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You agree to post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You agree to defend, indemnify, and hold Us owners, partners harmless from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, Including reasonable attorney's fees arising out of or related to, or in any way connected with You or Your acts, errors or omissions in the operation of Your Franchise Business or Your Franchise Business generally, and Including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your employees, and other laws regarding public accommodations for persons with disabilities. We will have the right to defend any such claim against Us by employing counsel of Our choice, subject to full reimbursement of all legal fees by You. We will use Our reasonable efforts to cooperate with You in any litigation, judicial or administrative proceeding to avoid duplication of time, effort or expenditure to the greatest extent possible without compromising Our interest in such matter. This indemnity will continue in full force and effect subsequent to and notwithstanding the Termination of this Agreement.

ARTICLE XVI
COVENANT NOT TO COMPETE

16.1 In-Term Covenants. You and We share in a common interest in avoiding situations where persons or companies who are or have been Apple Spice® franchisees operate or otherwise become involved with a substantially similar competing business during the term of this Agreement. During the term of this Agreement and for any extensions or Successor Franchises hereof, You agree that neither You nor Your family will own, operate, lease, franchise, conduct, consult with, engage in, be connected with, have any interest in, or assist any person or entity engaged in or on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership, or corporation engaged in any similar business or other business offering products or services the same as or substantially similar to Your Franchise Business or the System in any capacity or location, except with Our prior written consent. You understand and acknowledge that to violate this Section will create irreparable harm. Our Employee Confidential Information Non-Competition Agreement as attached

hereto as Exhibit "A-5." Our Confidential Recipe Agreement attached hereto as Exhibits "A-6 and A-7," must be signed by all employees and principals. These non-competition and confidential recipe agreement exhibits are incorporated by reference herein. A copy of all such agreements must be promptly delivered to Us within one (1) week of hiring the respective employee.

16.2 Confidentiality. You agree that at no time, either during the term of this Agreement, any extensions or Successor Franchises hereof, or at any other time will You or any of those over whom You have control make any unauthorized disclosure or use of Our Confidential Information. We will disclose the Confidential Information to You when rendering guidance and assistance to You under the terms of this Agreement, Including by way of example, furnishing the Manuals. You acknowledge and agree that the Confidential Information is proprietary, involves Our trade secrets and is disclosed to You solely on the express condition that You agree not to use the Confidential Information in the operation of any other business, to maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement, not to make any unauthorized copy, duplicate, record, or otherwise reproduce all or any portion of the Confidential Information disclosed in written form, to never contest the validity of Our exclusive ownership of and rights to the System or the Confidential Information and to adopt and implement all reasonable procedures prescribed from time to time by Us to prevent unauthorized use or disclosure of the Confidential Information.

16.3 Post-Term Covenants. Upon Termination for any reason of this Agreement or any extensions thereof, or upon any Transfer or repurchase of Your rights hereunder and for a continuous, uninterrupted period of three (3) years thereafter, neither You nor Your family will, directly or indirectly, participate as an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee, advisor, officer, lessor, lessee, franchisor, franchisee or serve in any other capacity whatsoever or have any interest in or assist any person or entity in any business, firm, entity, partnership or company engaged in any similar business or other business offering products or services the same as or substantially similar to Your Franchise Business or the System at the time of Termination in any capacity or location within Your Territory or within twenty-five (25) miles of Your Territory or within twenty-five (25) miles of the territory of any System franchise or Our other Apple Spice® business operations at the time of Termination of this Agreement. You will not divert or attempt to divert any business of or any customers of any System franchise or Apple Spice® business operations to any other competitive establishment, by direct or indirect inducement or otherwise.

16.3.1 Tolling of Covenant. In the event You compete during the term of non-competition, this non-compete time period will be extended for the period of Your competition, plus an additional six (6) months.

16.4 Non-Solicitation. You agree not to employ or seek to induce any employee of or party under contract with Us Our franchisees or Our subsidiaries or affiliated companies, to leave his or her employment with Us or said entities during the term of this Agreement, or any Successor Franchises or extensions hereof and for a period of three (3) years after the Termination of this Agreement or any Successor Franchise.

16.5 Injunctive Relief. You acknowledge that a violation of the covenants of confidentiality and non-competition contained in this Agreement would result in immediate and irreparable injury to Us for which monetary damages cannot fully remedy. Accordingly, You hereby consent to the entry of a temporary and permanent injunction prohibiting any conduct by You in violation of the terms of the covenants set forth in this Article 16 and hereby agree to waive any and all defenses to the entry of such injunction(s). Notwithstanding, You acknowledge and agree that the foregoing injunctive relief is in

addition to, and does not restrict Us from pursuing, any and all claims for monetary damages resulting from a breach by You of the covenants contained herein.

16.6 Liquidated Damages – Violation of Confidentiality or Non-Competition Covenants. In the event You violate the covenants of confidentiality and/or non-competition set forth herein, You shall pay Us a lump sum payment (as liquidated damages and not as a penalty) an amount equal to One Hundred Thousand Dollars ($100,000.00), plus Our attorney's fees, for each such violation. You acknowledge that a precise calculation of the full extent of the damages that We will incur in the event of Your violation of the covenants of confidentiality and/or non-competition is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by You pursuant to this Section 16.6 shall be in addition to all other amounts payable under this Agreement and shall not affect Our right to obtain appropriate injunctive relief and remedies pursuant to any other provision hereof.

16.5 Survival of Covenants. The foregoing covenants will survive Termination of this Agreement and will apply regardless of whether this Agreement was terminated by lapse of time, by default of either party, or for any other reason.

16.6 Acknowledgement of Harm. You acknowledge that Your violation or breach of the covenants and provisions of this Article XVI is likely to cause substantial and irreparable harm to Us and the System. You agree that the restrictions contained in this Agreement are reasonable and necessary for Our protection and the protection of other franchisees in the System.

16.7 Modifications. If any of the restrictions of this Article are determined to be unenforceable because of duration, scope or coverage or otherwise, they will be reduced to that level which provides the greatest restriction, but which is still enforceable. You and We agree that such restrictions will be enforced to the fullest extent possible.

16.8 Our Remedies. If the post-term restrictions of this Article XVI are unenforceable or are reduced to a level which We, in Our reasonable business judgment, find unacceptable, We may, in addition to any other remedies available to Us, require You, for a period of two (2) years from the date of Termination of this Agreement, to pay a fee of one-half (1/2) of the royalties and marketing fees, which would be payable if the business in question was a Franchise Business.

16.9 Enforceability. You agree that the terms of the provisions of this Article XVI are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that You and/or Your entity has and will have with Us. It is the desire and intent of the parties to this Agreement that the provisions of this Article XVI be enforced to the fullest extent permissible under applicable laws. You understand and acknowledge that We have the right in Our sole discretion to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof; which modified covenant will be fully enforceable notwithstanding any other provision of this Agreement.

ARTICLE XVII
DISPUTE RESOLUTION

17.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any disputes amicably, quickly, inexpensively and professionally and to return to business as soon as possible.

17.2 Manner of Handling Disputes. You and We agree that except as otherwise expressly provided for herein, in the event any controversy, dispute or claim whatsoever ("Dispute") arises between Us and You in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

17.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us in Salt Lake City, Utah or at Our then-current headquarters and within thirty (30) days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such matters and if desired by either You or Us, the matters will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services ("FAM") or as otherwise mutually agreed. The mediation will be conducted exclusively in Salt Lake City, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert or counsel for any party with respect to the dispute and any related matters.

17.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, any Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied and reasons for the decision.

(i) Arbitration Procedures. In any arbitration, the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of twenty-five (25) (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties. The arbitrator, and not a court, will decide any questions relating in any way to the parties' agreement or claimed agreement to arbitrate, Including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the

Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

(ii) Individual Disputes. Any Dispute must be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration or court proceeding involving Us and any other person.

(iii) Agreed Limitations. Except for payments owed by one party to the other, or claims attributable to Your underreporting of sales, or claims related to an act of Yours allowing Us to immediately terminate this Agreement, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within a period of one (1) year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two (2) years after the first act or omission giving rise to an alleged claim.

(iv) Limited Damages. You and We waive any right or claim of any consequential, punitive or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained. You agree that We will not be liable for any act or omission which is consistent with this Agreement or which is done in subjective good faith. If You bring an action for alleged wrongful termination of this Agreement and provided that the termination has not resulted in a closure of Your Franchise Business, Your sole remedy will be to be reinstated as a franchisee with no award of damages. If the termination results in a closure of Your Franchise Business Your sole remedies will be to be reinstated as a franchisee and to receive compensation for economic losses directly incurred by You as a result of such closure, conditioned upon Your duty to mitigate.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of the Marks, or any trademarks, service marks or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for fees and other monies owed by one party to the other under this Agreement.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards or other interim relief), that party can appeal, within thirty (30) days of such final award, to a three (3) person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will equally share all arbitration and/or mediation fees and expenses during any mediation or arbitration. If a party is unable or unwilling to pay its share of the upfront cost of the mediation or arbitration, the other party has the right to cover those costs; however, the prevailing party in any arbitration will be awarded costs and attorney's fees as set forth in Section 19.3 below.

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

ARTICLE XVIII
NOTICES

18.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by overnight delivery service or facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

18.2 Delivery. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred forty-eight (48) hours after rejection or failure to accept such notice. Any notice delivered by mail in the manner herein specified will be deemed delivered and received three (3) days after mailing.

18.3 Listed Addresses. The address specified herein for services of notices may be changed at any time by the party making the change by giving written notice to the other party by certified mail or as otherwise agreed by You and Us. Any notice to You may be delivered to the address set forth above or to the address of Your Franchise Business or office.

ARTICLE XIX
CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein, but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations, which render any portion of this Agreement invalid or unenforceable in any respect.

19.2 Jurisdiction. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article XVII, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal jurisdiction exclusively in the courts of record of the State of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake County, Utah will be the exclusive venue for any litigation between Us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

19.3 Costs and Attorney's Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or arbitration proceeding. The costs of mediation will also be awarded to the prevailing party in arbitration, if applicable. For purposes of this Agreement, "prevailing party" Includes, the Party which obtains a judgment in their favor, or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought. Reimbursement is due within thirty (30) days of written notice after prevailing.

19.4 No Jury Trial. You and We waive, to the fullest extent permitted by law, all rights to trial by jury in any action or Dispute, whether at law or in equity, brought by either party.

19.5 Exception. Notwithstanding the foregoing, the Federal Arbitration Act (9 U.S.C. §§ 1 Et. Seq.) and the United States Trademark Act (Lanham Act, U.S.C § 1051 Et. Seq.) will apply to this Agreement and the relationship of the parties and preempt any state law to the contrary.

19.6 No Limitation of Our Rights. We may, in Our discretion, elect not to enforce or selectively enforce any provision of this Agreement whether with respect to You or any other franchisee and such acts or omissions will not limit or otherwise affect Our rights to strictly enforce this Agreement.

ARTICLE XX
MISCELLANEOUS

20.1 Headings. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used herein, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

20.2 No Third-party Rights. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties will have any right or claims, benefit or right or a third-party beneficiary under this Agreement or any provision hereof. Similarly, You are not entitled to claim any rights or benefits, Including those of a third-party beneficiary, under any contract, understanding or agreement between Us and any other person or entities, unless that contract, understanding or agreement specifically refers to You by name and specifically grant rights or benefits to You.

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that he, she or they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

20.4 No Partial Payments. No payment by You or receipt by Us of any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary

contained on any such payment or in any oral or written communication transmitted in connection therewith.

20.5 Joint and Several Liability. If two or more persons, corporations, limited liability companies, partnerships or other entities, guarantors or any combination thereof, sign this Agreement, the liability of each will be joint and several. All members of a general partnership and all members of any association or other unincorporated entity, which is part of the Franchisee hereunder, are jointly and severally liable for Your performance hereunder.

20.6 No Off-Set or Withholdings. You covenant and agree that You will not offset nor withhold the payment of any royalties, fees, payments or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any dispute of any nature or otherwise.

20.7 Disclosure. We can disclose, in disclosure documents or otherwise, information relating to Your Franchise Business, Including Your name, address, phone numbers, financial information, copies or reports, and other information.

20.8 Binding Agreement. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

20.9 Force Majeure. You will not be liable by reason of any failure or delay in the performance of Your obligations hereunder on account of strikes, fires, flood, storm, explosion or other cause which is beyond Your reasonable control. This Section 20.9 will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.

20.10 Entire Agreement. The parties intend this Agreement and all attached exhibits hereto to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document.

20.11 Amendments. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement, and are binding.

20.12 Effective Date. This Agreement will become effective only when executed and accepted by Us at Our headquarters.

20.13 No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You

received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of marketing, marketing assistance, site location, development or other services, operational assistance or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses in order to operate Your Franchise Business; 7) any location will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

20.15 Variances. You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, vary, the terms on which We offer franchises, the charges We make, or otherwise deal with Our franchisees to suit the circumstances of a particular transaction that We believe are necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

20.16 No Misrepresentations. You further represent to Us, as an inducement to Our entry into this Agreement, that You have made no misrepresentations in obtaining the award of this Franchise.

20.17 Representations of Non-Violation. You represent and warrant that You may enter into this Agreement and that the execution and performance of this Agreement will not be in violation or breach, or cause the violation or breach, of any agreement or covenant between them or any of them and any third-party or the violation or breach of any order, decree or judgment of any court or administrative agency.

20.18 FDD Acknowledgement. You represent that You have had a copy of the Apple Spice® Franchise Disclosure Document ("FDD") for at least fourteen (14) calendar days or ten (10) business days, whichever is applicable, prior to signing this Agreement or making any payment to Us, and during which time You had the opportunity to submit the FDD for review by legal counsel.

20.19 Waiver. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. Waiver by Us of any particular default by or obligation of You will not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default. Our acceptance of any payments due from You does not waive any prior defaults.

20.20 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the [State/Commonwealth] of [state], the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Attachments, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

ARTICLE XXI
DEFINITIONS

21.1 "Confidential Information" means any information relating to Your Franchise Business, the Apple Spice® Products or the development or operation of a Apple Spice® unit or relating to the System as a whole, Including: (i) methods for the preparation of Apple Spice® Products; (ii) Our recipes, Including, ingredients, flavors, composition, mixes, spices, sauces, and dressings, preparation and formulation, trade secrets, methods, techniques, formats, layout, trade dress, specifications, hardware, software, systems, proprietary technology, procedures, equipment, sales and marketing programs and techniques, and knowledge of an experience in the development and operation of Apple Spice® units; (iii) knowledge of, specifications for, and suppliers of, certain Apple Spice® Products, materials, supplies, equipment, furnishings and fixtures; (iv) knowledge of operating results and financial performance of Apple Spice® units; (v) Our strategic plans and concepts for the development, operation, or expansion of Apple Spice® units of the System; (vi) the contents of Our Manuals or any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship; (vii) all Customer Data, Including phone numbers and email addresses whether created by Us or You; and (viii) certain other Intellectual Property generally deemed confidential. Confidential Information further includes all enhancements or modifications to the System or any component part of the System whether developed or discovered by Franchisor or Franchisee. Franchisee acknowledges and agrees that prior to the execution of this Agreement, it received information and has met and corresponded with Franchisor's principals, agents and/or representatives and that any of Franchisor's Confidential Information obtained or received as part of any prior meeting or correspondence is subject to the protection and restrictions of this Agreement.

21.2 "Development Agents" means independent contractors who may perform some of Our duties under this Agreement in some areas.

21.3 "Gross Sales" Includes the total of all sales of all products, goods or services sold or rendered by You and income of every kind and nature arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. "Gross Sales" excludes bona fide credits and returns for products and excludes amounts paid by You for sales or use taxes on the sale of any products or services.

21.4 "Including" Throughout this Agreement, the term "Including" or "Includes" will mean, "including but not limited to", "including, without limitation," and similar all-inclusive and non-exhaustive meanings.

21.5 "Intellectual Property" means all parts of the System particular to Us and collectively Includes all Marks, names, copyrights, systems, patents, patent applications, trade secrets, software, recipes, formulations, operations, and Manuals.

21.6 "Marketing," "marketing" and "market" Includes print, digital, electronic and similar advertising, brand development, promoting and selling products and/or services, market research and other related processes, Including via apps or app development, whether utilized, developed, or existing now or in the future, and whether developed or used by You or Us or other franchisees.

21.7 "Marks" means the federally registered and common law trademarks and service marks owned by Us, whether now or later developed, and licensed to You for use only in association with Your Franchise Business, Including Apple Spice™. "Marks" will also include any and all names, trade names,

trademarks, slogans, service marks, logos and/or other commercial property or symbols licensed to You pursuant to this Agreement or used in connection with the System or later added to the System.

21.8 "Manuals" consists of one or more guides or manuals, Including an operations manual and/or policies and procedures manuals, technical bulletins or other written materials and may be modified by Us periodically. The Manuals may be in printed or in an electronic format in Our discretion. We reserve the right to require You to use an electronic version of the Manuals and to require You to access the document using the Internet or an intranet created and supported by Us. You understand and agree that aside from the uses permitted specifically under law, it is unlawful and a criminal offense to duplicate or reproduce any copyrighted or other proprietary materials.

21.9 "Operating Principal" is: a) You if You as the franchisee are an individual; or b) if You are an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless You obtain Our written approval of a lower percentage), has authority over all business decisions related to the Franchise Business, and has the power to bind You in all dealings with Us.

21.10 "Apple Spice® Product" means any and all of the mixes, spices, ingredients and other products and menu items that are sold or offered for sale by Us, Our affiliates, or by licensees or franchisees of Us at an Apple Spice® unit.

21.10 "Social Media" means any and all websites, apps, and web or Internet pages for social interaction, business operation, marketing, and other online information communications and/or sales, whether now or later developed, Including, Facebook, LinkedIn, Pinterest, Twitter, Instagram, TikTok and the like.

21.11 "Termination" Includes expiration, non-renewal, repurchase of Your rights, non-granting of a Successor Franchise, non-renewal, transfer, or any other means by which this Agreement is no longer in effect and wherein You are no longer a franchisee of the Apple Spice® System.

21.11 "We," "Our(s)" or "Us" only as applied to Paragraphs 2.2.3, 10.1.1, 10.1.2, and 14.8.7, and Sections 11.1, and 16.4 and Articles XI and XV, Includes Our predecessors, parents, affiliates, subsidiaries, and Our officers, directors, shareholders, members, managers, employees, agents, development agents, or others with whose conduct We are chargeable.

21.10 "You" or "Your" Includes all signers of this Agreement, Including all current and subsequent guarantors and Operating Principals, and Includes all subsequent and current members, owners, partners, shareholders, managers, directors, officers, agents, affiliates, principle employees and those with whose conduct You are chargeable.

WE CANNOT RELIABLY PROJECT YOUR FUTURE PERFORMANCE, REVENUES OR PROFITS, AND YOU REPRESENT, COVENANT AND AGREE THAT WE HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING YOUR SUCCESS AS A FRANCHISEE AND WE DISCLAIM ANY WARRANTY OR REPRESENTATION AS TO THE POTENTIAL SUCCESS OF THE BUSINESS OPERATIONS UNDER THIS FRANCHISE AGREEMENT. THE SUCCESS OF YOUR BUSINESS IS LARGELY DEPENDENT ON YOUR PERSONAL EFFORTS.

YOU ACKNOWLEDGE THAT YOU HAVE HAD AN OPPORTUNITY TO HAVE THIS AGREEMENT AND RELATED DOCUMENTS REVIEWED BY YOUR OWN ATTORNEY.

IN WITNESS WHEREOF, the Franchisor and Franchisee have respectively signed and sealed this Franchise Agreement effective as of the day and year first written above.

FRANCHISOR:

CAFÉ & BAKERY GROUP, LLC,
a Utah limited liability company

By: _____
(Signature)

Name: Randy Clegg_____

Title: _____

FRANCHISEE:

(If Corporation, LLC or Partnership)

_____ (LLC/INC.)

By: _____
(Signature)

Name: _____

Title: _____

Principals

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

ATTACHMENT "A-1"
TO THE FRANCHISE AGREEMENT

TERRITORY & BASIC TERMS
(Map may be attached)

[If there is no Accepted Location on the Effective Date, insert: **ACCEPTED LOCATION AND ADDRESS TO BE DETERMINED AND INSERTED AFTER PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR FOR THE APPLE SPICE UNIT LOCATION, IN ACCORDANCE WITH SECTIONS 1.1.2 AND 1.1.3 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF _____.]

The Unit(s) are located at _____.

The Territory is in the greater XXX market consisting of the following zip codes:

FRANCHISOR:

CAFÉ & BAKERY GROUP, LLC,
a Utah limited liability company

By: _____
(Signature)

Name: Randy Clegg_____

Title: _____

FRANCHISEE:

(If Corporation, LLC or Partnership)

_____ (LLC/INC.)

By: _____
(Signature)

Name: _____

Title: _____

(If Individuals)

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

ATTACHMENT "A-2"
TO THE FRANCHISE AGREEMENT

ADDENDUM TO THE
APPLE SPICE® FRANCHISE AGREEMENT
(_____)

This ADDENDUM TO THE FRANCHISE AGREEMENT ("Addendum") is made and entered into effective as of the _____ day of _____, 20__ by and between **CAFÉ & BAKERY GROUP, LLC** (hereinafter at times referred to as "Franchisor" and at times as "We" or "Us") and _____ **AND** _____ (hereinafter at times referred to individually and collectively as "Franchisees" and at times as "You" or "Your").

R E C I T A L S:

WHEREAS, You have previously entered into a franchise agreement with Us dated effective _____, 20__ ("Franchise Agreement"), to operate an Apple Spice® Franchise Business, with its Unit(s) located at _____ ("Franchise Business"); and

WHEREAS, as required under the Franchise Agreement, You have filed and registered an entity in the State where Your Franchise Business is located; and

WHEREAS, this Addendum is required to transfer the Franchise Agreement to Your entity; and

WHEREAS, all capitalized terms used, but not defined, herein shall have the respective meanings assigned to them pursuant to the Franchise Agreement, and all references herein to "Article" and "Paragraphs" shall refer to articles and paragraphs of the Franchise Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and promises in the Franchise Agreement and herein, it is hereby agreed as follows:

1. The rights and obligations under the Franchise Agreement will be transferred to and assumed by _____, LLC/Inc. You have or will, within five (5) days of signing this Addendum, forward a copy of the stamped Articles of Incorporation/Organization.

2. You will fill out and send to Us, the attached Attachment A-3, which Exhibit is incorporated by reference herein.

3. Each individual who owns a 5% or greater interest in the franchise entity, along with each spouse, must sign a personal guarantee, guaranteeing the performance of all Your obligations under the Franchise Agreement and agree to be personally bound by, and liable for, the breach of every provisions of the Franchise Agreement.

4. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or attachments thereto, the terms of this Addendum will supersede and control.

5. As consideration for Franchisor agreeing to the above amendments to the Franchise Agreement, Franchisee hereby release

s Franchisor, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form relating to or arising out of the franchise relationship and the Franchise Agreement prior to the date hereof.

6. Except as expressly amended or modified herein, all terms, provisions and conditions of the Franchise Agreement are hereby ratified and affirmed.

IN WITNESS HEREOF, each of the undersigned parties hereby acknowledge that they have read this Addendum, understand its contents and consent to be bound by all of its terms.

FRANCHISOR:

CAFÉ & BAKERY GROUP, LLC

By: _____
Its: _____(title)
Name: _____

FRANCHISEE:

_____, LLC/INC.

By: _____
Its: _____(title)
Name: _____

_____ (Individual Name)

By: _____
Personally

_____ (Individual Name)

By: _____
Personally

ATTACHMENT "A-3"
TO THE FRANCHISE AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

□ Partnership □ Corporation
□ Sole Proprietorship □ Limited Liability Company

Name of Entity: _____
State Entity was formed: _____/Date of Formation: _____
EIN: _____

Please write below the name and address of each shareholder, partner, or member holding an ownership interest in the corporation, partnership or limited liability company, as well as the name of the shareholder, partner, or member who will attend training (please print or type names and add extra lines if necessary):

Name	**Address**	**Shares & Percentage of Interest***

*Corporation: Percentage owned of outstanding voting stock.
*Partnership: Percentage owned in voting and in capital and profits.
*Limited Liability Company: Percentage owned in membership interest.

List the names of the managers and officers of the Company:

Name	**Title**	**Manager/Officer**

The address where records are maintained is: _____
_____.

The name and address of the Operating Principal who has been approved by Us and who will be directly responsible for supervising Your business operations and who has authority to work with us and make decisions relating to the operations of the franchise business:
Name: _____
Address: _____

Email: _____

You agree to provide us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within five (5) days of the date of this Addendum.

IN WITNESS WHEREOF, Franchisee has executed this Company Representations and Warranties as of the _____ day of _____, 20___.

FRANCHISEE:

_____ (LLC/INC.)

By: _____
(Signature)

Name: _____

Title: _____

ATTACHMENT "A-4"
TO THE FRANCHISE AGREEMENT

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on____ _____ to Café & Bakery Group, LLC a Utah limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchisee Agreement") with _____, a(n)__ _____, _____ and _____ _____(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in XVII and XIX of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

_____
Print Name:_____
Address: _____
_____

ATTACHMENT "A-5"
TO THE FRANCHISE AGREEMENT

EMPLOYEE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(For Managerial Employees)

THIS EMPLOYEE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT is entered into this ____ day of _____, 20__, between _____ ("Franchisee") and _____ ("Employee"), residing at _____
.
[City] [State] [Zip Code]

A. Franchisee is the holder of an Apple Spice® franchise and as such is the beneficiary of certain confidential and proprietary information of Café and Bakery Group, LLC ("Franchisor").

B. Employee may have access to such proprietary information in the course of his or her employment with Franchisee.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its franchise. Employee further acknowledges that such confidential information was not known to him or her prior to his or her employment.

2. Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee will not, during the course of his or her employment and thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the business or interest of Franchisee or Franchisor, which he or she knows or reasonably should know is regarded as confidential and valuable to Franchisee or Franchisor Including, recipes, mixes, sauces, techniques, food preparation, store guide teaching methods, standards, products, merchandising, marketing, sale of products and services, specifications, pricing, accounting systems, procedures, sales, income, specifications, products, manuals, business plans, customer lists, technical designs or drawings that relate to Franchisee's business, the Apple Spice® System and franchise products, customers, suppliers and marketing plans.

3. Non-Competition. Employee will not, during the course of his or her employment by Franchisee, and for one (1) year thereafter, directly or indirectly in any capacity, without Franchisee's prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in a business, which is competitive with or substantially similar to Franchisee's business or the business of any other Apple Spice® franchisee by becoming an owner, officer, director, shareholder, partner, associate, employee, agent, representative or consultant in any business selling offering or selling products or services similar to an Apple Spice® business. Without limiting the generality of the foregoing, the minimum area of competitive nature will be that area within a five (5) mile radius of Franchisee's place of business or within a ten (10) mile radius of any place of business conducted by a franchisee of Café and Bakery Group, LLC's franchise, or that of its parent, subsidiary or affiliate, or other similar business

operation at the time of Employee's termination of employment. The ownership of not more than two percent (2%) of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

4. Non-Solicitation of Employees. Employee will not, during the course of his or her employment and for one (1) year thereafter, directly or indirectly, employ or attempt to employ or solicit for any employment any of Franchisee's employees or the employees of Franchisor's subsidiaries or affiliated corporations or entities.

5. Non-Solicitation of Customers. Employee will not, during the course of his or her employment and for two (2) year(s) thereafter, directly or indirectly, contact any customer of Franchisee for the purpose of soliciting from any such customer any business that is the same as or substantially similar to the business conducted between Franchisee and the customer.

6. Return of Materials. At the termination of employment, Employee agrees to deliver to Franchisee (and will not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) the Apple Spice® Manuals, Store Guide and any and all records, data, designs, photographs, mixes, sauces, food preparation, recipes, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any such items belonging to Franchisor or Franchisee, or either of their successors or assigns relating to the Apple Spice® business and the System.

7. Irreparable Harm. Employee hereby acknowledges and agrees that any breach by him or her of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee or Franchisor will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond.

8. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely.

9. Binding Agreement. This Agreement will bind the successors and assigns of Franchisee and the heirs, personal representative, successors and assigns of Employee. No rights under this Agreement will be assignable by Employee and any purported assignment will be null and void and of no force or effect.

10. Survival of Covenants. All covenants made in this Agreement by Employee will survive the termination of this Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed and dated by the parties.

12. Counterpart Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which shall be deemed

the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they shall be of full force and effect.

13. It is agreed and acknowledged that Café and Bakery, LLC. is a third-party beneficiary to this Agreement.

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE:	**EMPLOYEE:**
_____ (LLC/INC.)	
By: _____ (Signature)	_____ (Signature)
Name: _____	_____ (Print Name)
Title: _____	

ATTACHMENT "A-6"
TO THE FRANCHISE AGREEMENT

PRINCIPAL CONFIDENTIAL RECIPE AGREEMENT

This PRINCIPAL CONFIDENTIAL RECIPE AGREEMENT (the "Agreement") is entered into and made effective as of this day _____, by and between **CAFÉ & BAKERY GROUP, LLC,** a Utah limited liability company (hereinafter referred to as "Franchisor") and the undersigned (referred to herein as "Recipient").

R E C I T A L S:

WHEREAS, Recipient or his or her business entity has entered into a Franchise Agreement with Franchisor for the operation of an Apple Spice® franchise business ("Franchise"); and

WHEREAS, Franchisor has developed confidential and proprietary mixes, recipes, processes, spices, methods and formulas for the operation of Recipient's Apple Spice® Franchise and will continue to develop new recipes and revise current mixes, recipes and other menu items (collectively the "Recipes"); and

WHEREAS, Recipient will have access to the confidential and proprietary Recipes; and

WHEREAS, Recipient acknowledges that the Recipes are confidential and recognizes the value and the importance of keeping the Recipes confidential.

NOW, THEREFORE, in consideration of the use of the Recipes in the Recipient's Franchise and the recitals, mutual promises and covenants herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgement. Recipient acknowledges that he or she has obtained or may obtain proprietary and confidential Recipes developed and owned or licensed by Franchisor or its parent, affiliate or other entity, which are necessary and essential to the operation of the Franchise, and without which information the Franchise could not efficiently, effectively and profitably operate. Recipient further acknowledges that such confidential and proprietary information was not known to him or her prior to association with Franchisor or the Franchise.

2. Non-Disclosure. Except as may be required under the Franchise, Recipient will not, during the term of the Franchise Agreement and any extensions or Successor Franchise or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any Recipe, Including, ingredients, procedures for making, temperatures, and measurements, and agrees not to copy, transmit, recreate or otherwise reproduce said Recipes at any time. Each employee authorized to use the Recipes in the operation of the Franchise will be required to sign a Confidential Recipe Agreement prior to use of the Recipes. Furthermore, Recipient represents and warrants that it will only authorize employees over the age of eighteen (18) to use or have access to the Recipes. A copy of all such signed agreements will be promptly (within 10 days) provided to Franchisor.

3. No Reverse Engineering. Recipient will not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer,

decompile or deconstruct any Recipe, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Confidential Recipe Agreement, reverse engineering will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

4. Duty to Notify. Recipient agrees to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Confidential Recipe Agreement and further agrees to require all its employees to report to it any reasonably suspected attempts to violate this Confidential Recipe Agreement. In the event it is discovered that Recipient knew or had reason to know of any suspected attempts to violate this Agreement, Recipient agrees to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

5. Limited Use. Recipient must limit their use of the Recipes, Including their recollection of the Recipes, to the performance of their duties as described in the Franchise Agreement, the Manuals, and any policies and procedures implemented by the Franchisor.

6. Return of Materials. At the expiration, transfer or termination of the Franchise Agreement, Recipient agrees to have delivered to Franchisor (and will not keep a copy in his or her possession or deliver to anyone else) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, any such Recipes Including any Recipe book(s) or Manuals.

7. Irreparable Harm. Recipient hereby acknowledges and agrees that any breach by him or her of Sections 1 through 6 above, inclusive, will cause damage to Franchisor and the Apple Spice® franchise system in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Recipient of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages or requirement to post bond that have been or may be caused to the Apple Spice® franchise system or Franchisor by such breach.

8. Modification. Recipient hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Recipient, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchise, Franchisor's system, or to any area of research and development, must be promptly disclosed to the Franchisee and will become the property of the Franchisor, and Recipient hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

9. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely.

10. Binding Agreement. This Agreement will bind the successors and assigns of the Recipient and his or her heirs, personal representative, successors and assigns. No rights under this Agreement will be assignable by any Recipient and any purported assignment will be null and void and of no force or effect.

11. Survival of Covenants. All covenants made in this Agreement by Recipient will survive the expiration, transfer or termination of the Franchise Agreement or this Agreement.

12. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by each of the parties.

13. Notices. All notices permitted or required under this Agreement will be in writing and will be delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally, (ii) by overnight courier upon written verification of receipt, (iii) by telecopy or facsimile transmission when confirmed by telecopier or facsimile transmission, or (iv) by certified or registered mail, return receipt requested.

14. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

15. Governing Law. The validity, enforcement, construction, rights and liabilities of the Parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Recipient consents to the jurisdiction of the courts of record in the State of Utah and agrees that proper jurisdiction and venue will be exclusively in the state and federal courts of Salt Lake County, State of Utah.

16. Counterpart Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which shall be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they shall be of full force and effect.

RECIPIENT ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the day and year first herein above written.

FRANCHISOR:	RECIPIENT:
Café & Bakery Group, LLC	
By: _____ (Signature)	By: _____ (Signature)
Name: Randy Clegg	Name: _____ (Print Name)
Title: _____	

ATTACHMENT "A-7"
TO THE FRANCHISE AGREEMENT

EMPLOYEE CONFIDENTIAL RECIPE AGREEMENT
(For ALL employees)

This EMPLOYEE CONFIDENTIAL RECIPE AGREEMENT is entered into this day of ____ _____, between _____ ("Franchisee") and _____ ("Employee"), residing at _____ _____[City] [State] [Zip Code]

WHEREAS, Franchisee is the holder of an Apple Spice® franchise ("Apple Spice® Franchise") and as such is the beneficiary of certain confidential and proprietary information of Café and Bakery Group, LLC; and

WHEREAS, Café and Bakery Group, LLC has developed confidential and proprietary mixes, recipes, spices, processes, methods and formulas for the operation of Apple Spice® franchise businesses within Cafe and Bakery Group, LLC's system, and Café and Bakery Group, LLC will continue to develop new recipes and revise current mixes, recipes, spices, processes, methods, formulas and other menu items (collectively the "Recipes"); and

WHEREAS, Employee is currently employed by Franchisee and desires to continue his or her employment with Franchisee, and Employee is over 18 years of age or if a minor, Employee has reviewed this Agreement with his/her parent or guardian; and

WHEREAS, Employee may, in the course of his or her employment by Franchisee, have access to the Recipes; and

WHEREAS, Employee recognizes the value and confidentiality of the Recipes, and the importance of keeping the Recipes confidential.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Cafe & Bakery Group, LLC and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Apple Spice® Franchise. Employee further acknowledges that such confidential and proprietary information was not known to him or her prior to his or her employment or association with Franchisee or the Franchise.

2. Non-Disclosure. Except as may be required in the performance of duties for Franchisee, Employee will not, during the course of his or her employment or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use any Recipe including without limitation, the temperatures, ingredients, systems or measurements for Recipes, or any other

information relating to the Recipes, and agrees not to copy, transmit, recreate or otherwise reproduce the Recipes at anytime.

3. No Reverse Engineering. Employee will not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any Recipe, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Confidential Recipe Agreement, reverse engineering will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

4. Duty to Notify. Employee agrees to notify Apple Spice® or Franchisee or Employee's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy or reproduce any Recipes. In the event it is discovered that Employee knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Employee agrees to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation. Employee agrees to cooperate with Café and Bakery Group, LLC in its attempts to enforce the terms of this Agreement and to otherwise protect the Recipes, and to cooperate with Franchisee and Café and Bakery Group, LLC to the extent Franchisee is obligated to cooperate with Cafe and Bakery Group, LLC's attempts to enforce its rights in and to the Recipes.

5. Limited Use. Employee must limit his/her use of the Recipes to times, places, and circumstances as directed by Franchisee or its authorized representatives only. This limitation includes, but is not limited to, Employee's use, whether in part or in whole, of the Recipes (and including Employee's use of the Recipes for personal consumption) outside Employee's specific employment duties.

6. Return of Materials. Immediately upon the termination of employment, Employee agrees to deliver to Franchisee (and will not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, any such Recipes Including any Recipe book(s).

7. Irreparable Harm. Employee hereby acknowledges and agrees that any breach by him or her of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Cafe & Bakery Group, LLC in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee or Café and Bakery Group, LLC will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Café and Bakery Group, LLC by such breach, and without the requirement of posting bond.

8. Modification. Employee hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Employee, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchise, Cafe and Bakery Group, LLC's system, or to any area of research and development, must be promptly disclosed to the Franchisee and will become the property of the Café

and Bakery Group, LLC, and Employee hereby irrevocably assigns, transfers, and conveys any such to Cafe and Bakery Group, LLC.

9. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely.

10. Survival of Covenants. All covenants made in this Agreement by Employee will survive the termination of Employee's employment with Franchisee or the expiration, transfer or termination of this Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed and dated by the parties.

12. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

13. Counterpart Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which shall be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they shall be of full force and effect.

14. It is agreed and acknowledged that Café and Bakery, LLC, is a third-party beneficiary to this Agreement.

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE:

_____(LLC/INC.)

By: _____
(Signature)

Name: _____
(Print Name)

Title: _____

Date: _____

EMPLOYEE:

_____
(Signature)

Name: _____
(Print Name)

Age: _____

Date: _____

For persons under 18 years of age, a parent or legal guardian must sign the above Confidential Recipe Agreement and complete the following section.

I, _____ (Parent/Guardian), the undersigned and the parent and natural guardian of _____ (minor's name), hereby acknowledge that I have executed the foregoing Confidential Recipe Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Confidential Recipe Agreement.

SIGNED AND WITNESSED this ___ day of _____, 20____.

Signature of Parent/Guardian: _____

Name of Parent/Guardian: _____

Address: _____
_____

Phone: _____

ATTACHMENT "A-8"
TO
FRANCHISE AGREEMENT

LANDLORD'S CONSENT TO ASSIGNMENT

_____ ("Landlord") hereby consents to an assignment of the lease agreement ("Lease Agreement") to Café and Bakery Group, LLC ("Franchisor") for securing the obligations of _____ ("Lessee" and Franchisor's franchisee) to Franchisor. In the event of Lessee's breach of the Lease Agreement, Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement that Landlord is required to provide to Lessee. Further, Landlord agrees it will not take any action to terminate said lease without first giving Franchisor thirty (30) days' notice of such breach and an opportunity, but not the obligation, to cure said breach within such notice period.

Landlord agrees that if Lessee defaults under the Lease Agreement, or if Lessee defaults under its franchise agreement with Franchisor, Franchisor will have the right, but not the obligation, for forty-five (45) days after termination of the Lease Agreement, to take possession of the premises and assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that Landlord will have the right to reasonably approve such reassignment or subletting.

Landlord further covenants that so long as Franchisor has not entered into possession of the leased premises Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Landlord will look to Lessee for all obligations under the Lease Agreement.

Notices to Franchisor will be sent to: Cafe and Bakery Group, LLC 2250 South 1300 West, Suite A Salt Lake City, Utah 84119.

Dated this _____ day of _____ 20___.

Landlord:

By: _____
Its: _____
Print Name: _____

ATTACHMENT "A-9"
TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Business Name: _____

I (We) hereby authorize Café & Bakery Group, LLC hereinafter called ("Company"), to initiate debit entries to my (our) ☐ checking account/ ☐ savings account (select one) indicated below at the depository financial institution named below, hereinafter called ("Depository"), and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of United States law.

Depository Name: _____ Branch: _____

City: _____ State: _____ Zip Code: _____

Routing Number: _____ Account Number: _____

This authorization is to remain in full force and effect until the Company has received written notification from me (or either of us) of its termination in such time and in such manner as to afford the Company and Depository a reasonable opportunity to act on it.

Name(s): _____
(please print)

Title: _____

Signature: _____ Date: _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS <u>MUST</u> PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

EXHIBIT C

FINANCIAL STATEMENTS

Cafe & Bakery Group, LLC

FINANCIAL STATEMENTS

December 31, 2024 and 2023

ANDERSON BRADSHAW PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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ANDERSON BRADSHAW PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Members
Cafe & Bakery Group, LLC
Salt Lake City, Utah

Opinion

We have audited the accompanying financial statements of Cafe & Bakery Group, LLC (a Utah Limited Liability Company), which comprise the balance sheets as December 31, 2024 and 2023, and the related statements of income, comprehensive income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cafe & Bakery Group, LLC as of December 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cafe & Bakery Group, LLC 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.

5296 S. Commerce Dr
Suite 300
Salt Lake City, Utah
84107
USA
(T) 801.281.4700
(F) 801.281.4701

abcpas.net

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 Cafe & Bakery Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Cafe & Bakery Group, LLC'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 Cafe & Bakery Group, LLC'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.

Anderson Bradshaw PLLC

Anderson Bradshaw PLLC
Salt Lake City, Utah
May 6, 2025

Cafe & Bakery Group, LLC
December 31, 2024 and 2023

Balance Sheets

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 252,293	$ 148,903
Accounts receivable	50,000	2,652
Investment in marketable securities	500,000	408,274
Deferred sales commissions - current	324,867	324,867
Total current assets	1,127,160	884,696
Property and Equipment, Net	9,635	4,223
Deferred Sales Commission - Noncurrent	835,552	1,160,418
Operating Lease Right-of-Use Asset	148,945	17,156
Francise Development Costs	17,259	17,259
Total assets	$ 2,138,551	$ 2,083,752
Liabilities and Members' Deficit		
Current Liabilities		
Accounts payable and accrued expenses	$ 39,356	$ 31,260
Deferred escrow and training fees	13,000	19,500
Deferred franchise fees - current	544,614	533,514
Operating lease liability - current	28,983	16,633
Total current liabilities	625,953	600,907
Deferred franchise fees - noncurrent	1,454,467	1,889,755
Operating lease liability - noncurrent	121,030	-
Total liabilties	2,201,450	2,490,662
Commitments and Contingencies		
Members' Deficit	(62,899)	(406,910)
Total liabilities and members' deficit	$ 2,138,551	$ 2,083,752

Cafe & Bakery Group, LLC
Years Ended December 31, 2024 and 2023

Statements of Income, Comprehensive Income and Members' Deficit

	2024	2023
Revenue:		
Franchise fees	$ 535,189	$ 529,764
Royalties and marketing fees	1,613,834	1,427,967
Management fees and other revenues - related party	252,845	180,405
Other revenue	50,794	75,393
Total revenue	2,452,662	2,213,529
Sales commissions	324,867	322,967
Gross profit	2,127,795	1,890,562
Operating Expenses:		
General and administrative expenses	1,739,413	1,507,547
Depreciation expense	2,979	5,792
Total operating expenses	1,742,392	1,513,339
Income from operations	385,403	377,223
Other Income (Expense):		
Interest income	24,266	8,274
Employee retention credit refunds	12,268	31,332
Net income	421,937	416,829
Other comprehensive income	-	-
Total comprehensive income	$ 421,937	$ 416,829
Members' Deficit- Beginning of Period	(406,910)	(823,739)
Distributions to Members	(77,926)	-
Members' Deficit- End of Period	$ (62,899)	$ (406,910)

The accompanying notes are an integral part of these financial statements

Cafe & Bakery Group, LLC
Years Ended December 31, 2024 and 2023

Statements of Cash Flows

	2024	2023
Cash Flows from Operating Activities:		
Net income (loss)	$ 421,937	$ 416,829
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,979	5,792
Change in operating assets and liabilities:		
Accounts receivable	(47,348)	(2,026)
Related party receivables	-	490
Deferred sales commissions	324,866	265,967
Operating lease right-of-use asset	1,591	(523)
Accounts payable and accrued expenses	8,096	14,630
Deferred escrow and training fees	(6,500)	-
Deferred franchise fees	(424,188)	(439,764)
Net Cash from Operating Activities	281,433	261,395
Cash Flows from Investing Activities:		
Purchase of property and equipment	(8,391)	(6,250)
Purchase of marketable securities	(91,726)	(408,274)
Net Cash used for Investing Activities	(100,117)	(414,524)
Cash Flows from Financing Activities:		
Distribution to members	(77,926)	-
Net Cash used for Financing Activities	(77,926)	-
Net Change in Cash and Cash Equivalents	103,390	(153,129)
Cash and Cash Equivalents, Beginning of Year	148,903	302,032
Cash and Cash Equivalents, End of Year	$ 252,293	$ 148,903
Supplemental Disclosure of Cash Flow Information		
Cash payments for		
Interest	$ -	$ -
Income taxes	$ -	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Cafe & Bakery Group, LLC (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization and Description of Business

Cafe & Bakery Group, LLC (the Company) was organized under the laws of the State of Utah on October 19, 2011, as a Limited Liability Company and as such, its members are generally not personally liable for the company's debts or liabilities. The Company is engaged in the business of franchising retail deli box lunch delivery service. The Company also sells deli box lunch and private label products to customers through an affiliated entity.

Basis of Presentation

The financial statements and accompanying notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of Cafe & Bakery Group, LLC.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows the Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable and Allowance for Credit Losses Accounts

Accounts receivable are carried at their estimated collectible amounts. The Company's accounts receivable are generally short-term in nature; thus, the Company does not accrue finance or interest charges. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Based on management's evaluation, no allowance for credit losses was considered necessary at December 31, 2024 and 2023. Credit loss expense for the years ended December 31, 2024 and 2023 was $- and $-, respectively.

Property and Equipment

Property and equipment are stated at the lower of cost or net-realizable value. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 15 years.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by the Company. Members are taxed individually on their share of the Company’s earnings. The Company’s net income (loss) is allocated among the members proportionate to their ownership. The Company is no longer subject to examination by federal and state taxing authorities for years prior to 2019.

Advertising and Promotion

All costs associated with advertising and promoting the Company's goods and services are expensed in the year incurred. Advertising costs charged to expense during the years ended December 31, 2024 and 2023 were $66,205 and $79,092, respectively.

Concentrations of Credit Risk

The Company's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments and trade accounts receivable. The Company maintains its cash balances at financial institutions it believes to be financially sound. At times such balances may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

Effective January 1, 2019 the Company adopted the revenue recognition provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) statement 606 (Standard). Pursuant to the Standard, the Company determines revenue recognition by: (1) identifying the contract, or contracts, with our customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to performance obligations in the contract; and (5) recognizing revenue when, or as, we satisfy performance obligations by transferring the promised goods or services.

Revenues are primarily derived from the selling of franchises and the collection of royalty fees up to 6% of monthly franchisee revenue and the collection of marketing fees up to 2% of franchisee revenue. Other revenues include training, transfer fees, technology, SEO, and other administrative fees. In addition, through an affiliated entity, the Company receives commission income from the sale of deli box lunch and private label products to franchisees and customers.

Franchise fee revenue is recognized in accordance with ASC 606 on a straight-line basis over the terms of the franchise agreement of 120 months. Revenue from royalty fees is recognized monthly as earned. Revenue from other performance obligations such as training, marketing, etc., are billed separately from the franchise fee and are recognized as revenue when the obligation is satisfied. Commission income from the sale of deli box lunch and private label products is based upon monthly allocation of sales through an affiliated entity and recognized monthly as earned.

As of December 31, 2024, the Company had approximately 34 individual franchise outlets in operation.

Fair Value of Financial Instruments

The Company has invested in financial instruments, none of which are held for trading purposes. The Company estimates that the fair value of all financial instruments at December 31, 2024 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	January 1, 2022	December 31, 2023	December 31, 2024
Accounts and receivable	$ 626	$ 2,652	$ 50,000
Less allowance for credit losses	-	-	-
	$ 626	$ 2,652	$ 50,000

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024 and 2023:

	2024	2023
Computers and equipment	$ 4,607	$ 4,607
Furniture and fixtures	38,476	30,085
	43,083	34,692
Less accumulated depreciation	(33,448)	(30,469)
	$ 9,635	$ 4,223

NOTE 4 – FRANCHISE DEVELOPMENT COSTS

At December 31, 2024 and 2023 the Company had recorded a total of $17,259 as franchise development costs. These amounts represent the cost of the Company to develop the franchise program and system prior to active marketing and sales of franchises. This amount is evaluated by management on a periodic basis, no less than annually, to determine if an adjustment for impairment should be made. Management made this evaluation at December 31, 2024 and determined that no impairment existed at that date.

NOTE 5 – LEASES

The Company leases office space under a noncancelable operating lease. Rental expense under this lease for the years ended December 31, 2024 and 2023, totaled $50,294 and $42,871 respectively. In addition to the minimum basis rent, rent expense also includes approximately $1,122 per month for other items charged by the landlord to cover pro rata share of basic tenant costs. The lease term, which began July 1, 2024, ends June 30, 2029.

Balance sheet information related to operating leases as of December 31, 2024:

Assets		
Operating lease right-of-use asset	$	148,945
Liabilities		
Operating lease liability - curent portion	$	28,983
Operating lease liability - long-term portion	$	121,030

Other information related to operating leases as of December 31, 2024:

Operating lease cost	$	50,294
Weighted average remaining lease term - Operating leases		54 months
Weighted average discount rate - Operating leases		4.44%

Maturities of operating lease liabilities as of December 31, 2024 were as follows:

Year ended December 31:		
2025	$	35,064
2026	$	36,116
2027	$	37,200
2028	$	38,316
2029	$	19,441
Total minimum future lease payments		166,137
Present value adjustment		(16,124)

NOTE 6- DEFERRED FRANCHISE FEES AND SALES COMMISSIONS

During the years ended December 31, 2024 and 2023, in accordance with ASC 606, the Company recorded a total of $535,189 and $529,764 respectively, as income related to the amortization of deferred franchise fees and $324,867 and $322,967 respectively as expense related to amortization for deferred sales commissions.

NOTE 7 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024 and 2023, the Company incurred commissions due to a member of the company totaling $0 and $57,000, respectively. As of December 31, 2024, the full amount of the $0 and $57,000 commissions from 2024 and 2023 had been paid in full.

Through an affiliated entity, the Company receives an allocation of management fee income from the distribution of certain packaging and grocery products to franchisees. The management fees earned are split between the Company and the affiliated entity based on each entity's respective percentage of monthly sales. During the years ended December 31, 2024 and 2023, the company earned $191,721 and $145,214, respectively pursuant to these arrangements and included in related party management fees and other revenues – related party on the accompanying statements of Income, Comprehensive Income and Members' Deficit.

Through an affiliated entity, the Company receives an allocation of earnings and losses from the sale of private label products to franchisees. The amount of earnings and losses are based upon the monthly earnings and loss of the affiliated entity allocated to the Company based on each entity's respective monthly sales. During the years ended December 31, 2024 and 2023, the Company's allocation resulted in net earnings of $61,124 and $35,191, respectively, which have been included in related party management fees and other revenues – related party on the accompanying statements of Income, Comprehensive Income and Members' Deficit.

The company shares the cost of certain software technology with an affiliated entity. As a result of this arrangement, the Company recorded a related party receivable in the amount of $0 and $0, respectively as of December 31, 2024 and 2023, in the accompanying Balance Sheets. For the years ended December 31, 2024 and 2023, the Company recorded total software costs of $5,437 and $6,800 pursuant to the arrangement in the accompanying Statements of Income, Comprehensive Income and Members' Equity.

Certain office space and related accounting services were provided to the Company at no charge by an affiliated entity.

NOTE 8 – FAIR VALUE MEASUREMENTS

The Company has adopted FASB ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2

Inputs to the valuation methodology include –

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual Funds: Mutual funds are valued at the closing price reported by the fund in the active market.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with the market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 500,000	$ -	$ -	$ 500,000
Totals	$ 500,000	$ -	$ -	$ 500,000

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 408,274	$ -	$ -	$ 408,274
Totals	$ 408,274	$ -	$ -	$ 408,274

Interest and dividend income on investments was $24,266.00 and $8,274 for the years ended December 31, 2024 and 2023. Unrealized loss and realized loss on investment included in other income for the years ended December 31, 2024 and 2023 was $0 and $0, respectively.

NOTE 9 – OTHER INCOME

The Company received ERC (Employee Retention Credit) refunds from the IRS in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Taxpayer Certainty and Disaster Relief Act of 2022 (Relief Act) during the years ended December 31, 2024 and 2023 in the amounts of $12,268 and $31,332, respectively. The refunds were recorded as other income on the accompanying statements of Income, Comprehensive Income and Members' Deficit in the year the funds were received.

NOTE 10 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions for potential recognition through **May 6, 2025**, the date these financial statements were available to be issued.

Cafe & Bakery Group, LLC

FINANCIAL STATEMENTS

December 31, 2022 and 2021

ANDERSON BRADSHAW PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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ANDERSON BRADSHAW PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Members
Cafe & Bakery Group, LLC
Salt Lake City, Utah

Opinion

We have audited the accompanying financial statements of Cafe & Bakery Group, LLC (a Utah Limited Liability Company), which comprise the balance sheets as December 31, 2022 and 2021, and the related statements of income, members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cafe & Bakery Group, LLC. as of December 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cafe & Bakery Group, LLC. 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.

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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 Cafe & Bakery Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Cafe & Bakery Group, LLC'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 Cafe & Bakery Group, LLC'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.

Anderson Bradshaw PLLC

Anderson Bradshaw PLLC
Salt Lake City, Utah
April 14, 2023

Cafe & Bakery Group, LLC
December 31, 2022 and 2021

Balance Sheets

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 302,032	$ 238,676
Accounts receivable	626	1,299
Related party receivables	490	970
Deferred sales commissions - current	319,167	319,167
Total current assets	622,315	560,112
Property and Equipment, Net	3,765	9,453
Deferred Sales Commission - Noncurrent	1,432,085	1,751,252
Operating lease right-of-use asset	49,180	77,562
Francise Development Costs	17,259	17,259
Total asset	$ 2,124,604	$ 2,415,638
Liabilities and Members' Deficit		
Current Liabilities		
Accounts payable and accrued expenses	$ 16,630	$ 28,066
Deferred escrow and training fees	19,500	19,500
Deferred franchise fees - current	524,514	524,514
Operating lease liability - current	30,681	28,538
Total current liabilities	591,325	600,618
Deferred franchise fees - noncurrent	2,338,519	2,863,033
Operating lease liability - noncurrent	18,499	49,024
Total liabilties	2,948,343	3,512,675
Commitments and Contingencies		
Members' Deficit	(823,739)	(1,097,037)
Total liabilities and members' deficit	$ 2,124,604	$ 2,415,638

Cafe & Bakery Group, LLC

Years Ended December 31, 2022 and 2021

Statements of Income, Comprehensive Income and Members' Deficit

	2022	2021
Revenue:		
Franchise fees	$ 524,514	$ 521,347
Royalties and marketing fees	928,626	676,619
Commission income - related party	162,636	174,186
Other revenue	65,201	79,243
Total revenue	1,680,977	1,451,395
Sales commissions	319,167	311,971
Gross profit	1,361,810	1,139,424
Operating Expenses:		
General and administrative expenses	1,121,585	906,463
Depreciation expense	5,688	5,689
Total operating expenses	1,127,273	912,152
Income from operations	234,537	227,272
Other Income (Expense):		
Forgiveness of debt	-	63,686
Employee retention credit refunds	54,464	-
Net income	289,001	290,958
Other comprehensive income	-	-
Total comprehensive income	$ 289,001	$ 290,958
Members' Deficit- Beginning of Period	(1,097,037)	(1,380,699)
Distributions to Members	(15,703)	(7,296)
Members' Deficit- End of Period	$ (823,739)	$ (1,097,037)

Cafe & Bakery Group, LLC
Years Ended December 31, 2022 and 2021

Statements of Cash Flows

	2022	2021
Cash flows from operating activities:		
Net income (loss)	$ 289,001	$ 290,958
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,688	5,689
PPP loan forgiveness	-	(63,686)
Change in operating assets and liabilities:		
Restricted cash	-	235,000
Accounts receivable	673	5,447
Related party receivables	605	(970)
Deferred sales commissions	319,167	223,971
Deposits	-	3,719
Accounts payable and accrued expenses	(11,436)	(96,838)
Related party payable	(125)	(125)
Deferred escrow and training fees	-	(110,000)
Deferred franchise fees	(524,514)	(381,347)
Net Cash from Operating Activities	79,059	111,818
Cash Flows from Financing Activities:		
Advances under paycheck protection program	-	63,686
Repayments from partners and affiliated entities	-	(15,000)
Distribution to members	(15,703)	(7,296)
Net Cash from (used for) Financing Activities	(15,703)	41,390
Net Change in Cash and Cash Equivalents	63,356	153,208
Cash and Cash Equivalents, Beginning of Year	238,676	85,468
Cash and Cash Equivalents, End of Year	$ 302,032	$ 238,676
Supplemental Disclosure		
Cash payments for		
Interest	$ -	$ -
Income taxes	$ -	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Cafe & Bakery Group, LLC (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

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Cafe & Bakery Group, LLC (the Company) was organized under the laws of the State of Utah on October 19, 2011, as a limited liability company and as such, its members are generally not personally liable for the company's debts or liabilities. The Company is engaged in the business of franchising retail deli box lunch delivery service. The Company also sells deli box lunch and private label products to customers through an affiliated entity.

Basis of Presentation

The financial statements and accompanying notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of Cafe & Bakery Group, LLC.

Use of Estimates

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

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For purposes of the statement of cash flows the Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Company's accounts receivable are generally short-term in nature; thus, the Company does not accrue finance or interest charges. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Based on management's evaluation, no allowance for doubtful accounts was considered necessary at December 31, 2022 and 2021.

Property and Equipment

Property and equipment are stated at the lower of cost or net-realizable value. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 15 years.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by the Company. Members are taxed individually on their share of the Company’s earnings. The Company’s net income (loss) is allocated among the members proportionate to their ownership. The Company is no longer subject to examination by federal and state taxing authorities for years prior to 2019.

Advertising and Promotion

All costs associated with advertising and promoting the Company's goods and services are expensed in the year incurred. Advertising costs charged to expense during the years ended December 31, 2022 and 2021 were $62,200 and $67,976, respectively.

Concentrations of Credit Risk

The Company's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments and trade accounts receivable. The Company maintains its cash balances at financial institutions it believes to be financially sound. At times such balances may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

Effective January 1, 2019 the Company adopted the revenue recognition provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) statement 606 (Standard). As provided for under the Standard, the Company recognized the cumulative effect of implementing the standard as a reduction of retained earnings as of January 1, 2019 in the amount of $664,772. This amount represents the cumulative effect of unrecognized revenue on franchise agreements of $1,497,304 less the cumulative effect of unrecognized direct commissions expense of $832,532. The Company elected to apply the guidance of the Standard to all uncompleted contracts as of January 1, 2019. The offset to the reduction in retained earnings was an increase in deferred franchise fee liability and deferred sales commission asset on January 1, 2019.

Pursuant to the Standard, the Company determines revenue recognition by: (1) identifying the contract, or contracts, with our customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to performance obligations in the contract; and (5) recognizing revenue when, or as, we satisfy performance obligations by transferring the promised goods or services.

Revenues are primarily derived from the selling of franchises and the collection of royalty fees up to 6% of monthly franchisee revenue and the collection of marketing fees up to 2% of franchisee revenue. Other revenues include training, technology and other administrative fees. In addition, through an affiliated entity, the Company receives commission income from the sale of deli, box lunch and private label products to franchisees and customers.

Franchise fee revenue is recognized in accordance with ASC 606 on a straight-line basis over the terms of the franchise agreement of 120 months. Revenue from royalty fees is recognized monthly as earned. Revenue from other performance obligations such as training, marketing, etc., are billed separately from the franchise fee and are recognized as revenue when the obligation is satisfied. Commission income from the sale of deli, box lunch and private label products is based upon monthly allocation of sales through an affiliated entity and recognized monthly as earned.

As of December 31, 2022, the Company had approximately 33 individual franchise outlets in operation.

Reclassifications

Certain reclassifications have been mane in the 2021 financial statements to conform with the 2022 presentation.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2022 and 2021:

	2022	2021
Accounts and receivable	$ 626	$ 1,299
Less allowance for bad debt	-	-
	$ 626	$ 1,299

Bad debt expense for the years ended December 31, 2022 and 2021 was $618 and $1,619, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022 and 2021:

	2022	2021
Computers and equipment	$ 4,607	$ 4,607
Furniture and fixtures	23,835	23,835
	28,442	28,442
Less accumulated depreciation	(24,677)	(18,989)
	$ 3,765	$ 9,453

NOTE 4 – FRANCHISE DEVELOPMENT COSTS

At December 31, 2022 and 2021 the Company had recorded a total of $17,259 as franchise development costs. These amounts represent the cost of the Company to develop the franchise program and system prior to active marketing and sales of franchises. This amount is evaluated by management on a periodic basis, no less than annually, to determine if an adjustment for impairment should be made. Management made this evaluation at December 31, 2022 and determined that no impairment existed at that date.

NOTE 5 – LEASES

The Company leases office space under a noncancelable operating lease. Rental expense under this lease for the years ended December 31, 2022 and 2021, totaled $43,182 and $44,809 respectively. In addition to the minimum basis rent, rent expense also includes approximately $924 per month for other items charged by the landlord to cover pro rata share of basic tenant costs. The lease term, which began June 18, 2018, ends June 30, 2024.

Balance sheet information related to operating leases as of December 31, 2022:

Assets		
Operating lease right-of-use asset	$	49,180
Liabilities		
Operating lease liability - curent portion	$	30,681
Operating lease liability - long-term portion	$	18,499

Other information related to operating leases as of December 31, 2022:

Operating lease cost	$	32,089
Weighted average remaining lease term - Operating leases		18 months
Weighted average discount rate - Operating leases		4%

Maturities of operating lease liabilities as of December 31, 2022 were as follows:

Year ended December 31:		
2023	$	33,051
2024		16,770
Total minimum future lease payments		49,821
Present value adjustment		(641)
Present value of lease liability	$	49,180

NOTE 6- DEFERRED FRANCHISE FEES AND SALES COMMISSIONS

During the years ended December 31, 2022 and 2021, in accordance with ASC 606, the Company recorded a total of $524,514 and $521,347 respectively as income related to the amortization of deferred franchise fees and $319,167 and $311,971 respectively as expense related to amortization for deferred sales commissions.

NOTE 7 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022 and 2021 the Company incurred commissions due to a member of the company totaling $5,000 and $109,000 respectively. As of December 31, 2022, the full amount of the $5,000 and $109,000 commissions from 2022 and 2021 had been paid in full.

Through an affiliated entity, the Company receives commission income from the sale of deli and box lunch products to franchisees and customers. The commissions earned are split between the Company and the affiliated entity based on each entity's respective percentage of monthly sales. During the years ended December 31, 2022 and 2021, the company earned $141,016 and $117,156, respectively pursuant to these arrangements and included in related party commission income on the accompanying statements of Income, Comprehensive income and members equity.

Through an affiliated entity, the Company receives an allocation of earnings and losses from the sale of private label products to franchisees and customers. The amount of earnings and losses are based upon the monthly earnings and loss of the affiliated entity allocated to the Company based on each entity's respective monthly sales. During the years ended December 31, 2022 and 2021, the Company's allocation resulted in net earnings of $21,620 and $57,030, respectively, which have been included in related party commission income on the accompanying statements of Income, Comprehensive income and members equity.

The company shares the cost of certain software technology with an affiliated entity. As a result of this arrangement, the Company recorded a related party receivable in the amount of $490 and $970, respectively as of December 31, 2022 and 2021, in the accompanying Balance Sheets. For the years ended December 31, 2022 and 2021, the Company recorded total software costs of $6,815 and $6,835 pursuant to the arrangement in the accompanying Statements of Income, Comprehensive Income and Members' Equity.

The Company also leases conference room space on a month-to-month basis from an affiliated entity. Rental expense under this lease for the years ended December 31, 2022 and 2021, totaled $0 and $4,500 respectively.

Certain office space and related accounting services were provided to the Company at no charge by an affiliated entity.

NOTE 8 – OTHER INCOME

The Company received ERC (Employee Retention Credit) refunds from the IRS in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Taxpayer Certainty and Disaster Relief Act of 2022 (Relief Act) during the year ended December 31, 2022 in the amount of $54,464. The refunds were recorded as other income on the accompanying statements of income, comprehensive income and members' deficit in the year the funds were received.

NOTE 9 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions for potential recognition through April 14, 2023, the date these financial statements were available to be issued.

EXHIBIT D

FRANCHISED OUTLETS

OUTLETS AS OF DECEMBER 31, 2024

Location	Owner	Phone	Email	Address
California				
Fresno, California	Chuck & Jessica Calvert	559-388-8639		464 E. Bullard #108 Fresno, CA 93710
Petaluma, California	Waseem Khan	707-981-5366		2000 Lakeville HWY, Suite F, Petaluma, CA 94954
Colorado				
Centennial, Colorado	Todd Miller	720-482-2775		7346 S. Alton Way, Suite 10-G, Centennial, CO 80112
Florida				
Sarasota, Florida	Randy Whitmer & Annette Whitmer	941-388-8025		1447 Tallevast Road, Sarasota, FL 34243
Georgia				
Alpharetta, Georgia	Brent Anderson & Nancy Anderson	770-559-9590		225 Curie Drive, Suite 200, Alpharetta, GA 30005
Atlanta, Georgia	Brent Anderson & Nancy Anderson	770-627-4108		225 Curie Drive, Suite 200, Alpharetta, GA 30005
Illinois				
Chicago, Illinois	Imran Rahman & Kathryne Rahman	770-627-4108		610 W. Roosevelt Road, Chicago, IL 60607
Maryland				
Columbia, Maryland	Loren Wash	301-751-9703		9385 Gerwig Lane, Suite H, Columbia, MD 21046
Halethrope, Maryland	Dave Pilarski & Andrew Rose	410-737-7888		1430 Joh Avenue, Suite E, Halethorpe, MD 21227
Massachusetts				
Woburn, MA	Amy Zaslow	781-376-5000		49 R High Street, Unit #1, Woburn, MA 01801
Michigan				
Byron Center, Michigan	Mike Jacobs	616-805-3288		701 68th Street SW, Suit 410, Byron Center, MI 49315
Ann Arbor, Michigan	Jestine Jose & Jan Panditi	734-744-5186		37477 Schoolcraft Rd. Livonia, MI 48150
Farmington Hills, Michigan	Venkateshwarrao Adapa Srinini Janyavula	248-910-8111 313-717-8598		37570 Hills Tech Drive, Farmington Hills, MI 48331

Location	Owner	Phone	Email	Address
Minnesota				
Minneapolis, Minnesota	Chong Lee & Yee Yang	715-679-6197		740 Harding Street NE, Suite B, Minneapolis, MN 55413
Missouri				
St. Louis, Missouri	Kendall Brown	314-222-8663		2262 Weldon Parkway, St. Louis, MO 63146
New Jersey				
Hackensack, New Jersey	Gary Lipman	201-525-2775		80 Leuning Street South Hackensack, NJ 07606
North Carolina				
Charlotte, North Carolina	Brian Burns	980-949-7282		4801 Chastain Avenue, Suite 160, Charlotte, NC 28217
Morrisville, North Carolina	John Winston & Anna Winston	919-336-3160		10404 Chapel Hill Road, Suite 109, Morrisville, NC 27560
Ohio				
Columbus, Ohio	David Moyer & Angela Moyer	614-396-9636		6155 Huntley Road, Suite K, Columbus, OH 43229
Garfield Heights, Ohio	Mark Andrews	216-365-3434		9565 Midwest Avenue, Suite B, Garfield Height, OH 44125
South Carolina				
Charleston, South Carolina	Stephen Graves	843-564-1597	stepheng@applespice.com	6185 Rivers Ave, Suite M, North Charleston, SC 29406
Columbia, South Carolina	David McDowell	803-888-6255		1240 First Street South, Suite D, Columbia, SC 29209
Greenville, SC	Julia Mazza	864-775-5544		1200 Woodruff Road, C-39, Greenville, SC 29607
Tennessee				
Chattanooga, Tennessee	Mark Gooch	423-498-5595		6413 Lee Highway, Suite 131, Chattanooga, TN 37421
Nashville, Tennessee	Andy Heiman & Josh Buckley	615-873-1661	nashville@applespice.com	3656 Trousdale Drive, Suite 101, Nashville, TN 37204
Texas				
Addison, Texas	Octavio Rodriguez	469-779-7511		15004 Beltway Drive, Building #2, Addison, TX 75001
Austin, Texas	Russell Brown & Mary Brown	512-580-1550		8900 Shoal Creek Blvd, Austin, TX 78757

Location	Owner	Phone	Email	Address
Houston, Texas	Elvia Lopez	832-491-1952		1500 N. Post Oak Road, Suite 180, Houston, TX 77055
Plano, Texas	Stuart Robertson & Lisa Robertson	619-992-0799		1100 Jupiter Road, Suite 190, Plano, TX 75074
San Antonio, Texas	Marc Soleman and Karen Soleman	210-955-9800		859 Isom Road, San Antonio, TX 78216
Wisconsin				
Menomonee Falls, Wisconsin	Doug Mueller	262-599-8030		N50 W13926 Overview Drive, Menomonee Falls, WI 53051

FRANCHISEES SIGNED, but not yet opened:

Apple Spice Ft. Lauderdale Fort Lauderdale, FL	Michael Galvin Harrisburg, PA

FRANCHISES TERMINATED, NOT RENEWED, OR OTHERWISE LEFT THE SYSTEM DURING 2024 OR HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE ISSUANCE DATE:

Former Franchisee	Former Territory	Email Address/Phone Number
Sean Mikalean	Spring, Texas	seanmac051@gmail.com

EXHIBIT E
TO THE FDD

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

If a state is not listed, Café & Bakery Group, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Café & Bakery Group, LLC has appointed an agent for service of process.

EXHIBIT F

TABLE OF CONTENTS FOR THE OPERATIONS MANUAL

Operations Manual
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• Company History/Mission Statement	2 pages
• Success by Six	6 pages
• Sales Plan	2 pages
• Budget Manual	7 pages
• Non Disclosure/Non Competition Agreement	1 page
• Menu Guidelines	1 page
• Business Review	9 pages
• Business Action Plan	3 pages
• Food Poisoning Plan	2 pages
• Application for Employment	4 pages
• Incident and Accident Report Form	1 page
• Credit Application	1 page
• Crew Orientation	5 pages
• Management Offer letter	2 pages
• Employee Counseling Notice	1 page
• Employee Evaluation	3 pages
• Job Descriptions	10 pages
• Commissary Order Form	1 page
• Delivery Chart	1 page
• Employee Schedule	2 pages
• Station Training Guides	5 pages
• Nutritional Information	8 pages
• Catering Guides/Operational Guides	86 pages
• Station Wall Charts	14 pages
• Salad Build Cards	15 pages
• Sandwich Build Cards	16 pages
Total Pages	208

EXHIBIT G

AREA DEVELOPMENT AGREEMENT

APPLE SPICE®

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ATTACHMENTS:

A-1 Territory
A-2 Franchise Unit/Territory Development Schedule

AREA DEVELOPER AGREEMENT

THIS AREA DEVELOPER AGREEMENT (the "Agreement") is made and entered into effective on _____by and between **CAFÉ AND BAKERY GROUP, LLC**, a Utah limited liability company ("We" or "Us" and at times "Franchisor"), and _____ a(n) _____ with a principal place of business located at _____ and _____'s principals_____ _____,
an individual residing at _____ and _____, an individual residing at _____ ("Principal(s)"). _____ and principal(s) shall be collectively referred to in this agreement as "You" or "Your" and at times "Area Developer":

R E C I T A L S:

WHEREAS, We have developed a system for the operation of a box lunch delivery and catering business that prepares box lunches and catering for delivery, known and operating under the trademark "Apple Spice™," and which prepares and offers various prepared foods, beverages and other related products and services (collectively hereinafter referred to as the "Franchise Business(es)" or "Apple Spice Business(es)"). The system Includes, the Franchise Businesses, specific Marks, kitchen and prep area design and layout, interior décor and design, color schemes, standards, Manuals (defined below), recipes, menus, operating procedures and marketing concepts, business formats, specifications for and the use of certain equipment, the sale of products, food and supply items, and the use of confidential information (herein at times the "System" and at times the "Apple Spice System"); and

WHEREAS, recognizing the value of the System and the benefits which may be obtained by use of the System, You desire to acquire the right to develop and operate multiple Apple Spice® Franchise Units ("Development Business") in the Territory described below and pursuant to the terms and conditions of this Agreement; and

WHEREAS, You understand and acknowledge the importance of Our high standards of quality and the necessity of operating Your Franchise Units in strict conformity with Our quality control standards and specifications; and

WHEREAS, You declare You have had a copy of the Apple Spice® Franchise Disclosure Document for at least 14 calendar days or 10 business days, whichever is applicable prior to signing this Agreement or making any payment to Us; and

WHEREAS, You declare that You have fully investigated and have familiarized Yourself with the essential aspects and purposes of the System as developed by Us; and

WHEREAS, all capitalized terms used but not defined herein will have the respective meaning assigned to them pursuant to the Franchise Agreement.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

Article 1 - Definitions

1.1 Unless otherwise clearly required by the context, when used in this Agreement the following terms will have the following described meanings:

1.1.1 "Franchise" or "Apple Spice® Franchise" A business which has signed our Franchise Agreement to operate a Franchise Unit in the Territory.

1.1.2 "Franchise Agreement" Our agreement which licenses the right for a person or entity to use Our Marks and System for the operation of an Apple Spice® Franchise Unit at a single designated location.

1.1.3 "Franchise Unit," "Unit" or "Franchise Business" An Apple Spice® Franchise Business using the System for which an Apple Spice® Franchise Agreement has been duly executed.

1.1.4 "Including" Throughout this Agreement, the term "Including" or "Includes" will mean, "including but not limited to", "Including," and similar all-inclusive and non-exhaustive meanings.

1.1.5 "Marks" Refers to any and all of Our trademarks, service marks, trade names, logos, slogans, trade dress, color schemes, designs, equipment designs and related commercial symbols whether or not registered by Us and all goodwill related thereto associated with the products or any other business, products and services of the Franchisor or its affiliates.

1.1.6 "Manuals" Refers to one or more operational or policies and procedures manuals, technical bulletins or other written materials and may be modified by Us periodically. The Manuals may be in printed or in an electronic format at Our discretion. We reserve the right to require You to use an electronic version of the Manuals and to require You to access the document using the Internet or an intranet created and supported by Us.

1.1.7 "Owners" Refers to You and each of the owners of any entity, partners, members, managers, officers, directors or shareholders owning the Franchise Unit, if any.

1.1.8 "Termination" Includes expiration, non-renewal, repurchase of Your rights, transfer, or any other means by which this Agreement is no longer in effect and wherein You are no longer an area developer of the Apple Spice® System.

1.1.9 "Territory" The geographical area set forth in Attachment "A-1" attached hereto and by reference made a part hereof.

Article 2 - Award of Development Rights

2.1 Rights. Subject to the terms and conditions of this Agreement and the continuing faithful performance by You of Your obligations hereunder, during the term of this Agreement, You have the right and obligation to develop and operate Apple Spice® Franchise Businesses in the Territory in accordance with the Development Schedule set forth on Attachment "A-2" ("Development Schedule") attached hereto and by reference made a part hereof, utilizing the System and the Marks in the Territory upon execution of a separate Franchise Agreement for each Franchise Unit You develop. You will identify a location for each Franchise Unit and, after the location is approved by Us, the location will be set forth in the Franchise Agreement for that Franchise Unit. We will not establish or sell franchises within the Territory while this Agreement is in effect. We have the right to reasonably require You to amend the Development Schedule to add additional Franchise Businesses to be developed.

2.2 Character of Rights. The rights set forth herein are territorial only and do not grant or imply any license or franchise for You to use the Marks or System in any manner. This Agreement will not create or grant rights or obligations outside the Territory. Nothing contained herein will prevent Us from granting the right to establish or operate, or Ourselves establishing, owning and operating Apple Spice® Franchise Businesses or similar operations outside of Your Territory. Furthermore, We and Our affiliates expressly reserve the right to sell market and distribute the Apple Spice® products in the Territory and elsewhere without compensation to You using other marketing strategies and distribution channels, including, but not limited to, catalog sales, direct sales, sales to and through the Internet, retail units and wholesale outlets, and to sell non-traditional franchise locations at Our discretion both within and without Your Territory such as convention centers, sporting arenas, airports, or other similar locations. We also reserve the right to use other and different proprietary marks in connection with the sale of franchises, products or services similar to, the same as, or dissimilar from those which You will use in Your Franchise Businesses at any location, including in the Territory, without compensation to You. Neither We nor other Area Developers are restricted from advertising their Apple Spice® Franchise Business in Your Territory. The rights and privileges granted to You under this Agreement are personal in nature.

2.3 System Modifications. We may, at any time, in Our reasonable discretion, change or modify the System or add to or delete from the System. In such event, We will notify You of any such changes, modifications, additions or deletions, and You will accept, be bound by, use and immediately take steps to implement any such changes in the Territory. We have complete ownership and control of any changes, modifications, enhancements or suggestions whether made or implemented by Us or You.

Article 3 - Development & Term

3.1 Minimum Development Schedule.

3.1.1 You agree to use Your best efforts to develop and continuously operate Your Franchise Units in the Territory in strict compliance with the System and Manuals during the term hereof. Without limiting the foregoing obligation, in order to retain the rights granted hereunder, You agree to open, as Your minimum development obligation hereunder during the term hereof, the number of Apple Spice® Franchise Units set forth in the Development Schedule. A Franchise Unit will be counted for the purposes of meeting Your development obligation only if it is an open, operating and functioning Franchise Business within the Territory.

3.1.2 Once the minimum development obligation is reached as set forth in the Development Schedule, You agree to continue to develop and continuously operate Franchise Units in the Territory as commercially reasonable during the term of this Agreement.

3.2 Franchise Locations. The location of each Franchise Unit in each Territory will be selected by You, but must be approved in writing by Us, as further set forth in Your Franchise Agreements. A separate Franchise Agreement must be executed for each Franchise Unit in Your Territory as developed and as further provided in Article 5 hereof.

3.3 Failure to Meet the Development Schedule. In the event You fail to meet the Development Schedule or any of Your other development obligations, We have the right to exercise, in addition to the remedies and cure periods set forth in Articles 9 and 10 below, in Our sole discretion, any or all of the following:

1. Terminate this Agreement upon written notice to You as provided in Article 9 hereof;

2. Terminate the territorial exclusivity granted to You;

3. Reduce the size of the Territory; and/or

4. Accelerate the Development Schedule immediately upon written notice.

3.3.1 Time is of the essence with respect to compliance with the Development Schedule, obtaining the right to occupy the premises of each Franchise Unit, and any and all other obligations of Yours under this Agreement.

3.4 Term. The term of this Agreement is the Development Period set forth on Attachment "A-2."

Article 4 - Fees

4.1 Area Developer Fee. You agree to pay a one-time, non-refundable Area Developer fee of _____ dollars ($_____) ("Development Fee") due and payable in one lump sum to Us upon execution hereof.

4.1.1 Development Fee Calculation. The Development Fee is the total amount equal to

the number of franchise territories to be developed, and based on the following table:

Territories	Price per Territory[1]	Total
1	$ 49,000	$ 49,000
2	$ 45,000	$ 90,000
3	$ 41,667	$ 125,000
4	$ 41,500	$ 166,000
5	$ 41,400	$ 207,000
6	$ 37,500	$ 225,000
7	$ 35,714	$ 250,000
8	$ 35,000	$ 280,000
9	$ 35,000	$ 315,000
10	$ 33,000	$ 330,000

4.2 Non Refundable. The Area Developer Fee is not refundable.

Article 5 - Franchise Agreement(s)

5.1 Franchise Agreement. Each Franchise Unit, as opened by You in the Territory pursuant to this Agreement, will be governed by Our then-current Franchise Agreement executed by You and Us. A Franchise Agreement for each Franchise Unit must be executed and delivered to Us and the balance of the Franchise Fee paid at the beginning of the development and prior to commencing construction or improvements, acquisition or lease of any related real property, or any other development activity or operations for each Franchise Unit.

5.2 Modification of the Franchise Agreement. We reserve the right, from time-to-time, to amend, change or modify Our Franchise Agreement prior to the time it is signed by You and You agree to abide by and accept the terms of our then-current Franchise Agreement.

5.3 Guaranty. You agree that all of the Owners owning a five percent (5%) or greater interest in the Franchise Business, along with each of their respective spouses, must personally guarantee the performance under each Franchise Agreement, and agree to be bound by, and liable for, the breach of every provision of the Franchise Agreement.

5.4 First Franchise Unit. You acknowledge that the Franchise Agreement governing Your first Franchise Unit to be opened under the Development Schedule is being executed concurrently with this Agreement.

Article 6 - Operating Standards and Covenants

You agree that:

6.1 Knowledge. You will acquire and maintain sufficient knowledge and experience involving the Apple Spice® System so as to be able, in good faith, to develop the Franchise Units in a timely, efficient and professional manner.

6.2 Compliance. You will, at Your expense, comply with all applicable laws, ordinances, rules and regulations pertaining to the development and operation of Your Franchise Businesses as contemplated herein, Including, licenses and/or permit for the operation of Your Apple Spice® Franchise Unit(s).

6.3 Cost of Doing Business. You will be responsible for all Your costs of doing business, Including, taxes, permits, licenses, fees, postage, telephone, training, photocopying, employees, supplies, inventory, salaries, travel, on-going service obligations and other costs and expenses in connection with Your obligations herein.

6.4 Franchise Obligations. You agree to promptly pay all of Your obligations and liabilities to Us and Your suppliers, vendors, lessor and trade accounts. You will be responsible and liable for the prompt payment of all of Your taxes, including, but not limited to, income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes and similar taxes and personal property and real estate taxes payable as a result of Your Franchise Businesses. We have no liability for these or any other taxes, and You will indemnify and hold Us harmless from any such taxes that may be assessed or levied against Us which arise or result from Your Franchise Businesses.

6.5 Periodic Reports. You agree to provide to Us, no later than the fifth (5^{th}) day of each month, a written monthly progress report of Your preceding month's activities and progress in developing and establishing Franchise Units in Your Territory.

6.6 Your Performance. You must comply with all other duties, obligations and requirements set forth in this Agreement, Your Franchise Agreement(s) and Our Manuals.

6.7 Indemnification. You agree to protect, indemnify and hold Us harmless from and against any and all claims, proceedings, expenses, costs, damages and liabilities, including, but not limited to, legal fees incurred by Us or Our officers, directors, members, managers and agents because of any act, neglect or omission of Yours or Your employees, customers, agents or guests Including, malfeasance, misstatements, nonfeasance, failure to perform, and breach of Your duties and obligations under this Agreement.

Article 7 - Confidential Information

7.1 Confidential Information. Nothing in this Agreement will be construed to require Us to divulge to You any confidential information. Except for knowledge already in Your

possession not disclosed to You by Us or currently in the public domain, You acknowledge that Your entire knowledge of the operation of the Apple Spice® System and the contemplated Franchise Business, Including, the contents of the Manuals including recipes and recipe books and the specifications, standards and operating procedures for the Apple Spice® Franchise Units, development schedules and marketing plans are derived from information disclosed to You by Us and that such Manuals and such other confidential information is confidential or a trade secret of Ours. You agree that You will maintain the absolute confidentiality of the Manuals and all such other confidential information during and after the term hereof, disclosing the same to employees of Your Franchise Businesses only to the extent necessary for the operation of the Franchise Businesses in accordance with this Agreement, and that You will not use the System, Manuals and such other confidential or trade secret information in any other business or in any manner not specifically authorized or approved in writing by Us.

7.2 Confidentiality of this Agreement. You agree that all terms of this Agreement will remain confidential, and You will not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the terms of this Agreement only to Your professional lenders and advisors.

Article 8 - Marks

8.1 Ownership of Marks. You acknowledge that You have no proprietary interest whatsoever in the Apple Spice® Marks or derivatives thereof and that Your right to use the Marks is derived solely from Your Franchise Agreement(s) and is limited to the conduct of Your Franchise Businesses pursuant to and in compliance with this Agreement and Your Franchise Agreement(s) and all applicable specifications, standards and operating procedures prescribed by Us. Any unauthorized use of the Marks by You constitutes an infringement of Our rights in and to the Marks.

8.2 Use of Marks. You cannot use any of the Marks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form without Our consent, nor may You use any Mark in connection with the sale of any unauthorized products or service or in any other manner not expressly authorized under this Agreement. You agree to obtain such fictitious or assumed name registrations as may be required by Us or applicable law.

Article 9 - Our Right of Termination

9.1 Termination. In addition to the other rights of termination, We may have at law or equity or as contained in this Agreement, We will have the following rights of termination:

9.1.1 45 – Day Cure Period. If You fail to meet Your development obligations, at any time, as set forth in Article 3 hereof above, Your rights hereunder will automatically

terminate effective forty-five (45) days after delivery of notice of default, if not otherwise cured within the forty-five (45) days' notice period.

9.1.2 No Cure Period. You agree that upon a violation or default under paragraphs (1) through (7) below, this Agreement will automatically terminate without written notice to You.

1) You or any of Your Owners makes an unauthorized assignment of this Agreement or any ownership change without Our consent, which consent will not be unreasonably withheld or delayed;

2) If You or any of Your Owners are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein.;

3) You consistently, three (3) or more times, fail to timely pay any of Your payment obligations or liabilities owing to Us;

4) You are insolvent or a party to any bankruptcy, receivership or similar proceeding, other than as a creditor, file for bankruptcy or receivership or similar protection or You are adjudicated bankrupt;

5) You make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of Your assets for the benefit of creditors;

6) You voluntarily or otherwise abandon the development of the Franchise Units in the Territory hereunder;

(7) If you fail to comply with all applicable laws and ordinances relating to your units developed under this Agreement, including Anti-Terrorism Laws, or if your assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you otherwise violate any such law, ordinance, or regulation.

8) You repeatedly fail to materially comply with this Agreement, whether or not such failures to comply are corrected after notice thereof.

9.1.3 30 – Day Cure Period. For all other defaults Including Your failure to cure any default under any Franchise Agreement owned by You or Your officers, directors, members, managers, owners or an affiliated entity, We will have the right to terminate this Agreement effective upon thirty (30) days after delivery of notice of termination to You if such default is not cured within the thirty (30) day cure period. However, in the event a default of Your Franchise Agreement(s) requires a shorter cure period, as set forth in the Franchise Agreement, the applicable cure period will apply as opposed to this 30-day cure period.

Article 10 - Obligations Upon Termination or Expiration

10.1 Our Rights Upon Termination. Upon Termination of this Agreement, for any reason, Your rights under this Agreement are terminated. We will be free to own or operate Apple Spice® Franchise Businesses and to franchise others to do so anywhere in the Territory other than in locations for which You have an existing signed and fully compliant Franchise Agreement. The foregoing are in addition to any other right or remedy We may have at law or in equity.

10.2 Operating Units. After Termination of this Agreement, so long as You are not in default under the terms and conditions of Your respective Franchise Agreement(s), You may still continue to own and operate Your individual Franchise Units in the Territory that are owned and operated by You prior to Termination, so long as You are not in default and continue to faithfully perform the terms and conditions of such Franchise Agreement(s). However, You will cease to have any exclusivity rights with regard to the ongoing development of Franchises in the Territory, and You will forfeit any contractual right You may have to purchase additional Franchise Units within the Territory.

10.3 Cross Default. If any Franchise Agreement for one of Your Franchise Businesses is terminated for any reason, We will have the right to terminate this Agreement upon written notice to You.

Article 11 - Unfair Competition and Non-Competition Covenant

11.1 In-Term Covenant. During the term of this Agreement and any extensions hereof, You agree that neither You nor Your family, nor any shareholders, owners, partners, directors, members, managers, officers, agents, affiliates, principal employees, nor any partner in a partnership franchise, will own, operate, lease, franchise, conduct, consult with, engage in, be connected with, have any interest in, or assist any person or entity engaged in or on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership, or corporation engaged in any casual restaurant or box lunch business or similar business or other business offering products or services the same as or substantially similar to Your Franchise Businesses or the System in any capacity or location, except with Our prior written consent. You understand and acknowledge that to violate this Section will create irreparable harm.

11.2 Post-Term Covenant. Upon Termination of this Agreement, and for a continuous, uninterrupted period of two (2) years thereafter, neither You, nor Your immediate family members, nor any of Your Owners agents, affiliates or principal employees, will, directly or indirectly, participate as an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee, advisor, officer, lessor, lessee, franchisor, Area Developer or serve in any other capacity whatsoever or have any interest in or assist any person or entity in any business, firm, entity, partnership or company engaged in a casual restaurant or box lunch business or a business using a business format which is the same as or similar to Franchisor's System at the time of Termination within Your Territory or within fifty (50) miles of Your Territory or within fifty (50) miles of the territory of any System franchise or Apple Spice™ business operation at the time of

Termination of this Agreement. The ownership of not more than two percent (2%) of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

11.3 Tolling of Covenant. In the event You compete during the term of non-competition, this non-compete time period will be extended for the period of Your competition plus an additional six (6) months.

11.4 Enforceability. You agree that the terms of the provisions of this Article XVI are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that You and/or Your entity has and will have with Us. It is the desire and intent of the parties to this Agreement that the provisions of this Article 11 be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this Article is adjudicated to be invalid or unenforceable, then this Article will be deemed amended to delete that portion thus adjudicated to be invalid or unenforceable and such deletion to apply only with respect to the operation of that Section or Paragraph and the particular jurisdiction in which said adjudication is made. Further, to the extent any provision of this Agreement is deemed to be unenforceable by virtue of its scope, but may be made enforceable by limitation, the parties agree that the same will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

11.5 Claims Not a Defense. You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, will not constitute a defense to Our ability to enforce the covenants of this Article 11. You agree to pay all costs and expenses, Including, reasonable attorney's fees, incurred by Us in connection with the enforcement of this Article 11.

11.6 Irreparable Injury. You acknowledge that Your violation of the terms of this Article 11 would result in irreparable injury to Us for which no adequate remedy at law may be available. You accordingly agree that We will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any or all any of the terms of this Article 11 without proof of actual damages that have been or may be caused to Us by such breach.

11.7 Additional Covenants. At Our request, You must require and obtain execution of covenants similar to those set forth in this Article 11 from any or all of the following persons: (a) all owners, partners, directors and managers and the like of Your Franchise Businesses; (b) all officers, directors, members, managers and holders of a beneficial interest of five percent (5%) or more of any corporation directly or indirectly controlling You if You are an entity; and (c) the general partners and any limited partners if You are a partnership. All covenants required herein must be in forms satisfactory to Us, Including, specific identification of Us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required herein will constitute a default of this Agreement.

Article 12 - Assignment

12.1 By Franchisor. This Agreement is fully assignable and transferrable by Us and will inure to the benefit of any assignee, transferee or other legal successor to Our interests and obligations herein.

12.2 By Area Developer or Your Owners. You understand and acknowledge that the rights and duties created by this Agreement are personal to You and that We have granted this Agreement in reliance upon Your covenant and agreement to comply with all the terms and conditions of this Agreement, and Your individual character, skill, aptitude, attitude, business ability and financial capacity. Therefore:

12.2.1 Neither this Agreement nor any interest therein may be voluntarily, involuntarily, directly or indirectly, assigned, sold or otherwise transferred by You or Your Owners, Including, by consolidation or merger, or by issuance of securities representing an ownership interest, without Our prior written approval, which approval will not be unreasonably withheld.

12.2.2 Any such assignment or transfer without such approval will constitute a breach hereof and will not convey any rights to or interests in this Agreement to such assignee.

12.2.3 Consent to an assignment otherwise permissible under this Article 12 may be refused by Us, unless, prior to the effective date of the assignment: (a) all of Your obligations incurred in connection with this Agreement have been assumed by the assignee; (b) You have paid fees and other amounts owing Us; (c) the assignee or its owners meet Our criteria for new area developers and franchisees; d) the assignee or its owners must have completed the training program required of new area developers and franchisees and are willing to execute and be bound by Our then-current Area Developer Agreement; (e) You or Your assignee have paid a transfer fee of five thousand dollars ($5,000), plus the transfer fees set forth in each Franchise Agreement transferred; (f) You or Your assignee have paid a training fee at Our then-current rate to cover training expenses; and (g) You and Your Owners, representatives and/or agents have signed a general release in Our favor.

12.2.4 You must remain liable for all direct and indirect obligations under this Agreement and Your Franchise Units prior to the effective date of the transfer and will continue to remain responsible for Your obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements, and must execute any and all instruments reasonably requested by Us to evidence such liability.

12.2.5 Any assignment, transfer or other disposition by You of a single-unit Franchise Business within the Territory will be governed by the Franchise Agreement to which such single-unit Franchise Business is bound.

12.3 Transfers to Competitors Prohibited. In order to maintain the confidentiality of the proprietary information of the System, neither You or any of Your owners, partners, members, managers, officers or directors, may sell, transfer, assign or pledge any part of this Franchise Agreement or any part of his or her ownership in Your entity, if applicable, to a competitor of Ours

or an affiliate of a competitor of Ours without Our written permission. Any such sale, transfer, assignment or pledge without Our written approval will be considered void ab initio.

12.4 Right of First Refusal of the Franchisor. If You or Your Owners, at any time determine to sell, assign or transfer this Agreement, or an interest therein, or an ownership interest in Your entity of more than forty percent (40%), then You or Your Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of such offer to Us. We will have the right, exercisable by written notice delivered to You or Your Owners within sixty (60) days from the date of delivery of an exact copy of such offer to Us, to purchase this Agreement and the development rights thereunder, or such interest in this Agreement, or such ownership interest in You for the price and on the terms and conditions contained in such offer, provided that We may substitute cash for any form of payment proposed in such offer and We will have not less than sixty (60) days from the date We give notice to You of Our intent to purchase, to prepare for closing. If We do not exercise Our right of first refusal, You or Your Owners may complete the sale to such purchaser pursuant to and on the terms of such offer, provided that if the sale to such purchaser is not completed within one hundred fifty (150) days after delivery of such offer to Us, or if there is a material change in the terms of the sale that are less beneficial to You, We will again have the right of first refusal upon the terms and conditions herein provided.

12.4.1 In the event You wish to publicly offer Your shares in any partnership or corporation which has an ownership interest in You, said public offering will be subject to the approval by Us, which approval will not be unreasonably withheld.

12.4.2 Each shareholder or member of Your entity, if You are a corporation or other business entity, must be a party to an agreement which will provide, inter alia, that upon any dissolution of the corporation or other business entity, or upon any divorce decree among the parties who are also owners, that ownership of the ownership interest will be transferred to the other owner, for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the president, or manager following any such dissolution or decree. The form and content of the shareholders agreement must be approved by Us prior to execution.

Article 13 – Notices

13.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by overnight delivery service or facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

Article 14 - Representations

14.1 Your Efforts. You understand that the success or failure of the development of Franchise Units in the Territory and the Franchise Units depends, in major part, upon Your efforts.

YOU REPRESENT, COVENANT, AND AGREE THAT WE HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING INCOME GUARANTEES, PROJECTIONS, AND WE DISCLAIM ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SUCCESS OF YOUR BUSINESS OPERATIONS UNDER THIS AGREEMENT. YOU ACKNOWLEDGE AND AGREE THAT AS OF THE DATE OF THIS AGREEMENT YOU HAVE HAD NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

YOU FURTHER REPRESENT, COVENANT AND AGREE THAT YOU HAVE THE BUSINESS ACUMEN, CORPORATE AUTHORITY AND FINANCIAL WHEREWITHAL TO ENTER INTO THIS AGREEMENT AND TO PERFORM ALL OF YOUR OBLIGATIONS HEREUNDER AND FURTHERMORE THAT THE EXECUTION OF THIS AGREEMENT IS NOT IN CONTRAVENTION OF ANY OTHER WRITTEN OR ORAL OBLIGATION OF YOURS.

14.2 Receipt of FDD. You represent that You have had a copy of the Apple Spice® Franchise Disclosure Document for at least 14 calendar days or 10 business days, whichever is applicable, prior to signing this Agreement or making any payment to Us, and during which time You had the opportunity to submit the Franchise Disclosure for review by legal counsel.

Article 15 - Disputes & Arbitration

15.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any disputes amicably, quickly, inexpensively and professionally and to return to business as soon as possible.

15.2 Manner of Handling Disputes. You and We agree that except as otherwise expressly provided for herein, in the event any controversy, dispute or claim whatsoever ("Dispute") arises between Us or Our subsidiaries, parents and affiliates and each of Our respective shareholders, managers, officers, directors, members, agents, employees and attorneys (in their representative capacity), if applicable, and You or Your entity owners, guarantors and employees, officers, directors, members, managers, agents, and attorneys (in their representative capacity), if applicable, in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

15.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us at Our then-current headquarters and within thirty (30) days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

15.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting requirement has not successfully resolved such matters and if desired by either You or Us, the matters will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services ("FAM") or as otherwise mutually agreed. The mediation will be conducted exclusively in Salt Lake City, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert or counsel for any party with respect to the Dispute and any related matters.

15.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, any Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah. The arbitrator will have the power and jurisdiction to decide such Dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied and reasons for the decision.

(i) Arbitration Procedures. In any arbitration, the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of twenty-five (25) (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties. The arbitrator, and not a court, will decide any questions relating in any way to the parties' agreement or claimed agreement to arbitrate, including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any court of competent jurisdiction.

(ii) Individual Disputes. Any Dispute and any arbitration, will be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration proceeding involving Us and any other person, except that with respect to a dispute involving You and Your affiliate, You and Your affiliate may both be parties to the arbitration.

(iii) Agreed Limitations. Except for payments owed by one party to the other, or claims attributable to Your underreporting of sales, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within a period of one (1) year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two (2) years after the first act or omission giving rise to an alleged claim.

(iv) No Special Damages. You and We waive any right or claim of any consequential, punitive or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained. You agree that We will not be liable for any act or omission which is consistent with this Agreement or which is done in subjective good faith.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of Our Marks, or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for fees and other monies owed by one party to the other under this Agreement not in connection with other Disputes.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards, or other interim relief), that party can appeal, within thirty (30) days of such final award, to a three (3) person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the arbitrator and arbitration organization equally during the arbitration. However, the prevailing party in any arbitration, appeal or other action will be entitled to recover the administrative costs of the arbitration proceeding, attorney's fees and the fee for the arbitrator(s).

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute

avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

Article 16 – General Provisions

16.1 Severability. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable.

16.2 Governing Law and Jurisdiction. This Agreement will be governed, construed and interpreted in accordance with the laws of the State of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein, but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article 15, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the State of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake County, State of Utah will be the exclusive venue for any litigation between Us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Salt Lake County, State of Utah

16.3 Waiver of Obligations. You and We will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (Including, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof or any failure, refusal or neglect of Us or You to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder.

16.4 No Off-Sets or Withholdings. You covenant and agree that You will not offset or withhold the payment of any fees or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any dispute of any nature or otherwise.

16.5 Cumulative Remedies. Rights hereunder are cumulative and no exercise or enforcement of any right or remedy hereunder will preclude the exercise or enforcement of any

other right or remedy hereunder which You or Us are entitled by law or equity to enforce. Nothing herein contained will be interpreted as to bar or waive Our right to obtain any remedy available at law or in equity including injunctive relief.

16.6 Costs and Attorney's Fees. If a claim for amounts owed by You to Us is asserted in any legal proceeding before a court of competent jurisdiction, or if We or You are required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. For purposes of this Agreement, "prevailing party" Includes, the Party which obtains a judgment in their favor, or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought.

16.7 Binding Effect. This Agreement will be binding upon the parties hereto and their respective assigns and successors in interest and cannot be modified except by written agreement signed by both Us and You.

16.8 Entire Agreement. This Agreement, Including preambles and exhibit(s) to this Agreement, if any, are a part of this Agreement, which constitutes the entire agreement of the parties relating to the subject matter herein, and there are no other oral or written understandings or agreements between You and Us relating to the subject matter of this Agreement. No modifications of the terms of this Agreement will be valid unless made in writing and executed by both Us and You. Except as otherwise expressly provided herein, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Nothing in this Agreement or in any related agreement is intended to disclaim the representations We made in the Franchise Disclosure Document.

16.9 Interpretation of Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will Include the appropriate plural numbers. The headings and title of this Agreement are not part of this Agreement, having been inserted for convenience of reference only, and will have no effect upon the construction or interpretation of this Agreement.

16.10 Relationship of the Parties. In all matters, You are an independent licensee. Nothing in this Agreement constitutes You as Our partner, agent, or joint venture with Us and this Agreement does not create a fiduciary relationship between You and Us. Neither party may act or have the authority to act as agent for the other, and neither party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You acknowledge that You do not have authority to incur any obligations, responsibilities or liabilities on behalf of Us, or to bind Us by any representations or warranties, and You agree not to hold Yourself out as having such authority.

16.11 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed or scanned and emailed signature page or similar electronic means, each of which will be deemed an original, but all of which together will constitute one and the same document.

16.12 Effective Date. This Agreement will become effective only when executed and accepted by Us at Our headquarters.

-Remainder of Page Intentionally Blank-

IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the day and year first above written.

FRANCHISOR:

CAFÉ & BAKERY GROUP, LLC,
a Utah limited liability company

By: _____
(Signature)

Name: Randy Clegg_____

Title: _____

DEVELOPER:

(If Corporation, LLC or Partnership)

_____ (LLC/INC.)

By: _____
(Signature)

Name:

Title:

Principals

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

By: _____
(Signature)

Name: _____

ATTACHMENT "A-1"
TO THE AREA DEVELOPER AGREEMENT

TERRITORY

The Territory will consist of the following areas:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

Our approval of the Territory or a location is not a guarantee or a warranty of the potential success of the Territory or a location.

_____
Area Developer Initial and Date

_____
Area Developer Initial and Date

_____
Franchisor Initial and Date

MAP OF AREA DEVELOPER'S TERRITORY

_____
Area Developer Initial and Date

_____
Area Developer Initial and Date

_____
Franchisor Initial and Date

ATTACHMENT "A-2"
TO THE AREA DEVELOPER AGREEMENT

FRANCHISE UNIT/TERRITORY
DEVELOPMENT SCHEDULE

TERRITORY	**UNIT/SATELLITE OPENING DATE**
Territory #	
Territory #	
Territory #	
Territory #	
Territory #	
Territory #	
Territory #	
Territory #	

_____
Area Developer Initial and Date

_____
Area Developer Initial and Date

_____
Franchisor Initial and Date

EXHIBIT H

RELEASE AGREEMENT

GENERAL RELEASE

_____ ("Franchisee") and its principal(s):

_____

_____

_____

_____

(collectively, "Franchisee's Principal(s)"), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless _____ Café & Bakery Group, LLC ("Franchisor"), BLD Co., LLC, their affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Executed as of _____, 20___.

FRANCHISEE:

By:_____

_____,_____
(Name, Title)

FRANCHISEES'S PRINCIPAL:

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

EXHIBIT I

***NOT FOR USE IN CALIFORNIA**

APPLE SPICE ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Area Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

1. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

_____
Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

_____
Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Area Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Area Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Area Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee (or Developer) has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement (or Area Development Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Area Development Agreement). Franchisee (or Developer) represents, as an inducement

to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Area Development Agreement).

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement (or Area Development Agreement).

_____
Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer's) Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee (or Developer) acknowledges that it has received the Café & Bakery Group, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Area Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee (or Developer) acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee (or Developer) with respect to the Franchise Agreement (or Area Development Agreement) or the relationship thereby created.

_____
Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer's) advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement (or Area Development Agreement).

_____
Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products

will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE CAFÉ & BAKERY GROUP, LLC, ASJ DEVELOPMENT, LC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR AREA DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

_____
Initial

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

Date:_____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	June 27, 2025
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Café a& Bakery Group, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Café & Bakery Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit E.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Randy Clegg 2250 S. 1300 W Salt Lake City, UT 8419 (801) 433-3030	Charles Jones 2250 S. 1300 W Salt Lake City, UT 8419 (801) 433-3030	Linda Mosier 2250 S. 1300 W Salt Lake City, UT 8419 (801) 433-3030

Issuance Date: June 9, 2025

I received a Disclosure Document dated June 9, 2025, that included the following Exhibits:

EXHIBIT A: State Addenda
EXHIBIT B: Franchise Agreement
EXHIBIT C: Financial Statements
EXHIBIT D: Franchised Outlets
EXHIBIT E: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT F: Table of Contents for the Operations Manual
EXHIBIT G: Area Development Agreement
EXHIBIT H: Release Agreement
EXHIBIT I: Acknowledgment Statement
State Effective Dates
EXHIBIT J: Receipt

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

_____
(Signature of recipient)

Please return signed receipt to Café & Bakery Group, LLC,
2250 S 1300 W
Suite A
Salt Lake City, UT 84119

RECEIPT

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State Effective Dates
EXHIBIT J: Receipt

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

_____
(Signature of recipient)

(Complete and keep this receipt in your records.)