



FRANCHISE DISCLOSURE DOCUMENT

Perfection Bakeries, Inc.
dba Aunt Millie's Bakeries
An Indiana corporation
6230 Bluffton Road
Fort Wayne, Indiana 46809
260-424-8245

Website: www.auntmillies.com

Email: acase@auntmillies.com

The Franchisee ("Distributor") will distribute bakery products that it purchases from the franchisor.

The total investment necessary to begin operation of an Aunt Millie's Bakeries franchise is \$36,988 to \$186,494. This includes \$33,482 to \$121,294 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Aleksander Case at 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 219/793-3230.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 ("FTC"). You can contact the FTC at 1-888-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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: February 6, 2026

STATE COVER PAGES

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits K and L.
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 I 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 Aunt Millie's Bakeries distributor in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Aunt Millie's Bakeries distributor?	Item 20 or Exhibits K and L list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Governing Law.** The Distribution Agreement states that Indiana law governs the agreement and this law may not provide the same protections and benefits as local law. You may want to compare these laws.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

ADDENDUM FOR 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:

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, franchisee has the right to request an escrow arrangement.

Any questions regarding the notice of this Offering should be directed to:

CONSUMER PROTECTION DIVISION
Michigan Attorney General's Office
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
P.O. Box 30213
Lansing, MI 48909
(517) 373-7117

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Exhibits:

- A State Regulators; Agents for Service of Process
- B Financing Documents with First Capital Acceptance Corp.
 - (1) (a) Promissory Note
 - (b) Disbursement Authorization
 - (2) Financing Security Agreement
 - (3) UCC-1 (Representative Sample)
 - (4) Purchase of Receivables
- C Distribution Agreement/Franchise Agreement
- D Bill of Sale
- E Advertising Agreement
- F Buy Back Agreement
- G Computer Equipment Use Agreement
- H (1) Perfection Bakeries, Inc. Security Agreement
 - (2) UCC-1 (Representative Sample)
- I Financial Statements
- J DSA Financing Documents
 - (1) Promissory Note
 - (2) Financing Security Agreement
 - (3) UCC-1 (Representative Sample)
 - (4) Loan Proceeds Disbursement Authorization
- K List of Current Distributors as of 9/30/25
- L List of Terminated Distributors as of 9/30/25
- M State Addenda to the Disclosure Document and Agreements
- N State Effective Dates

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

To simplify the language in this Franchise Disclosure Document, “Perfection,” “Aunt Millie’s Bakeries,” “we,” or “us” means Perfection Bakeries, Inc., the franchisor. “You” or “Distributor” means the corporate entity who buys the franchise, as well as the entity’s owners.

Perfection Bakeries, Inc. was created as an Indiana corporation on March 24, 1903. In 2005 it adopted the trade name of Aunt Millie’s Bakeries and conducts business under that name.

Our Parent Company or Predecessors

We do not have any parents or predecessors.

Our Affiliates

Our affiliate, Perfection Distribution LLC (“PD LLC”), was organized as an Indiana limited liability company on September 7, 2005. PD LLC owns and operates the delivery trucks that will deliver products to the depots, where the Distributors will pick up their baked goods for distribution to the ultimate wholesale customers.

Our affiliate, First Capital Acceptance Corp. (“First Capital”), an Indiana corporation incorporated on March 21, 2006, offers financing to you in connection with your initial Franchise Fee (see Item 10).

Addresses, Agents for Service of Process

The principal address for Aunt Millie’s Bakeries and all its affiliates is 230 Bluffton Road, Fort Wayne, Indiana 46809, Fort Wayne, Indiana 46809. Our agents for service of process in specific states are disclosed in Exhibit A.

Franchisor’s Business and Franchise to Be Offered

Aunt Millie’s Bakeries manufactures and distributes fresh bakery brand products to food outlets, restaurants and institutions primarily in the states of Indiana, Kentucky, Michigan, Ohio, and Illinois. We have also acquired from third parties and their related entities the exclusive rights to distribute some of those companies’ products to certain outlets in certain territories.

Beginning in March of 2006 we started establishing a network of corporate independent distributors (franchisees) in parts of the states of Indiana, Kentucky, Michigan, Ohio, and Illinois.

We will sell distributorships to business entities, most typically corporations, who will operate the business and distribute and sell our products. We require the original agreements to be executed by an individual who owns a controlling interest in the business entity. The business entity may be incorporated, formed, or organized in the state of your Sales Area or in any other state you select.

The items you may distribute (“Products”) mean some or all of the fresh baked bread, rolls, cakes, cookies, muffins and similar fresh baked products sold under the trademarks Aunt Millie’s, Koepplinger, Sunbeam, and Hillbilly (see Item 13), depending on our judgment as to marketability of particular Products in a particular geographic sales area and our right to distribute third party products. “Products” does not include: (a) any product lines that we may acquire after you enter into the Distribution Agreement; (b) products distributed by us under any trademarks other than those listed in Item 13; (c) products having a market shelf life of 60 days or more; (d) products intended to be sold as frozen or refrigerated; (e) products damaged, stale or off code products; (f) products sold through bakery owned or operated thrift store outlets; or (g) unbranded products.

We will grant you the exclusive right to distribute certain Products under certain brand names within a designated geographic sales area (“Sales Area”) as specifically defined in your Distribution Agreement. We will have the right to determine which Products we will sell to you for resale and distribution in your Sales Area. Your Sales Area may include certain outlets or areas beyond the geographic boundary but may also exclude certain outlets or areas within your geographic boundary (the “Outlets”). We will also grant to you a limited, non-exclusive license to use these trademarks in the Sales Area.

You must comply with all local, state and federal health and sanitation laws in operating your Aunt Millie’s business. You may be required to be “DOT-certified” as an interstate carrier of goods in a delivery vehicle over a certain weight limit. You should consult your own attorney in connection with your obligation to obtain this certification.

Aunt Millie’s Bakeries competes with national and local baking companies that produce similar types of products in similar quantities. These competitors distribute their products through employees and independent distributors who will compete with you in your Sales Area. You will sell and distribute the Products to existing and new Outlets in your Sales Area in competition with those companies by offering direct contact with the customer and high quality products at competitive prices.

The market for your products consists of businesses that need wholesale bakery products either for resale (grocery stores) or for use in preparing their specific menu items (restaurants). The market is very well developed and highly competitive.

Prior Business Experience

We have been in the business of manufacturing and distributing fresh baked food products since its formation, going back as far as 1903. We currently operate the distribution of our products in Indiana, Kentucky, Michigan, Ohio, and Illinois. Up until March of 2006, we distributed our products exclusively through our employees, using our own vehicles and equipment. Beginning in March of 2006, we started offering franchises in the states of Illinois, Indiana, Kentucky, and Michigan.

None of our Affiliates has offered franchises for the same type of business as that to be operated by you. Neither Aunt Millie’s Bakeries nor any of its Affiliates has offered franchises in any other lines of business.

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Item 2
BUSINESS EXPERIENCE

Director, President, and Chief Executive Officer: John F. Popp

Mr. Popp has been a Director and the President and Chief Executive Officer of Perfection Bakeries, Inc., in Fort Wayne, Indiana, for more than 5 years.

Director, Executive Vice President: Christopher Popp

Mr. Popp has been a Director and an officer of Perfection Bakeries, Inc., in Fort Wayne, Indiana, for more than 5 years. In August of 2011, he became Executive President. Prior to August of 2011, he was Vice President, Human Resources.

Chief Financial Officer: Judy A. Bobilya-Feher

Ms. Bobilya-Feher has been the Chief Financial Officer of Perfection Bakeries, Inc., in Fort Wayne, Indiana, since January 1, 2020. From June 1996 through December 2019, she was Vice President of Finance.

Senior Vice President, Manufacturing and Engineering: Chad Kubasiak

Mr. Kubasiak has been the Senior Vice President, Manufacturing and Engineering of Perfection Bakeries, Inc., in Kalamazoo, Michigan, since January of 2022. From February of 2021 to January of 2022 he was VP Supply Chain for Perfection Bakeries, Inc., in Kalamazoo, Michigan. From November of 2021 to February of 2021 he was VP Manufacturing for Perfection Bakeries, Inc., in Kalamazoo, Michigan.

Director and Vice President, Marketing: J. Bohn Popp

Mr. Popp has been a Director and the Vice President, Marketing, of Perfection Bakeries, Inc., in Fort Wayne, Indiana, for more than 5 years.

Vice President, Risk Management: George R. Long

Mr. Long has been Vice President, Risk Management of Perfection Bakeries, Inc., in Fort Wayne, Indiana, since June of 2023. From August of 2011 to June of 2023 he was Vice President of Human Resources.

Vice President, Franchise Development: Aleksander Case

Mr. Case has been Vice President, Franchise Development of Perfection Bakeries, Inc., in Fort Wayne, Indiana, since July of 2025. From August 2019 to June of 2025 he was Director of Accounts.

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

You must pay an initial franchise fee equal to a multiple of the average weekly net sales of different categories of Products to Outlets located in your Sales Area. We will establish the average weekly net sales based on historical sales records in the Sales Area and will determine the franchise fee based on that evaluation for each Sales Area offered. You will be given specific information for your Sales Area.

We estimate that initial franchise fees will range from \$30,000 to \$100,000. This initial franchise fee is to be paid in one lump sum payment, some or all of which may be financed as detailed in Item 10 and Exhibits B and J to this Franchise Disclosure Document. The initial franchise fee is not refundable.

Prior to commencing business, you must obtain from us a hand-held computer system and printer compatible with the system utilized by us. The estimated charges for the hand-held computer, plus printer paper and ribbons, for the 1st 3 months of business are \$455, plus sales and use taxes, for an estimated total of \$482 to \$494. The charges for the hand-held computer system and printer are not refundable.

Prior to commencing business, you must purchase from us one week's worth of Products for your first week of operation. We estimate that the cost of one week's worth of Products will range from \$3,000 to \$25,000 and is not refundable.

If you have been employed by us when you purchase a franchise from us, an employee conversion discount may be available. The employee conversion discount is available to qualified individuals at the time of initial conversion from company-owned territories to franchise territories. This will result in active employees being eligible for a \$12,000 discount, plus \$1,000 for each year of service up to a maximum of 8 years.

The formula for determining the initial franchise fees, and the hand-held computer system charges, are uniform for all Distributors under this Franchise Disclosure Document.

In our most recent fiscal year (ended September 30, 2025), there was no variance in the formula used in calculating the franchise fees charged.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Loan Fee ¹	\$350 plus ½% of loan amount	Only if financing required and only on acceptance of financing	To cover lender's administrative costs of financing the loan
Printer Paper and Ribbons (Computer Supplies) ¹	\$5	Weekly	Unless you pay us in cash for these items, we will deduct from your receivables these charges for the supply of printer paper and ribbons for the hand-held computer and printer
Computer use and Maintenance ¹	\$30	Weekly	Unless you pay us in cash for these items, we will deduct from your receivables these charges for the use and maintenance for the hand-held computer and printer. You may need more than 1 hand-held computer for a single territory however will incur charges for only one.
Sales and Use Taxes on Computer Use and Computer Supplies	\$2 – 3	Weekly	Taxes will vary by state
Products (Inventory) ¹	\$3,000 - \$25,000 per week	Weekly	You pay us for Products on a weekly basis.
Interest and Principal of Financed portion of Franchise Fee	10.5%	Weekly	Payable if you finance a portion of the initial Franchise Fee from First Capital. These payments are due in cash, unless you elect to have us collect your accounts receivable. In that case, we will deduct from your receivables your principal and interest payments.
Transfer ¹	2% of sale price	Prior to consummation of transfer to anyone	To cover administrative activities we undertake in connection with the transfer
Optional Programs ²	Amount you negotiate with third party	Weekly	At our option, we will collect payments you owe third parties, and remit them to the third parties on your behalf. We do not realize any income from this arrangement.

Type of Fee	Amount	Due Date	Remarks
Late Payment Fees	5% of the overdue monthly payment.	Upon demand	If you are in default of your payment to our Affiliates by more than 15 days
Attorney's Fees	Not to exceed 15% of the then outstanding amount due to our Affiliate		Upon any default under the Security Agreement with our Affiliate, you must pay our attorneys' fees for pursuing, searching for, receiving, taking, keeping, storing, advertising, and selling the collateral
Special Delivery Fee	\$60 per hour	Deducted from weekly settlement	You must pay this fee if we make special deliveries for your customer, where the customer demands product and you can't or won't make the delivery. Our deliveries are subject to having personnel and a truck available
Short-term Company Route Relief Fee	\$275 per day	Deducted from weekly settlement	You must pay this fee if you fail to perform your obligation to deliver product, and we make those deliveries on your behalf
Special and Short-term Merchandising Fee	\$40 per hour	Deducted from weekly settlement	You must pay this fee if you request our assistance in merchandising, or if your customer demands merchandising, and you can't or won't provide the service
Truck Drop Shipment Fee	\$30 per hour	Deducted from weekly settlement	You must pay this fee if you do not have a truck, requiring us to deliver the product to your customers, using our staffing and vehicle.
Special T-Com Re-processing Fee	\$130 per instance	Deducted from weekly settlement	You must pay this fee if you fail to T-Com, by 8 p.m. causing reprocessing of daily invoice/settlement
Inventory Report Failure	\$300 per occurrence	Deducted from weekly settlement	You must pay this fee if you fail to take inventory on mandatory days that inventory must be reported for SBT stores.
Replacement Statements	\$1.50 each, with a \$5.00 minimum charge	Deducted from weekly settlement	You must pay this fee if you request us to print statements that we have previously furnished you. There is a maximum of \$50 charge per calendar year for Replacement Statements.

Type of Fee	Amount	Due Date	Remarks
Miscellaneous Equipment	At cost	Deducted from weekly settlement	If you request additional equipment (such as hand carts), we will sell you these items at cost.

¹All fees are uniformly imposed by and are payable to Aunt Millie's Bakeries. All fees are non-refundable. All fees apply to each of the franchises offered unless so noted.

²If you participate in optional programs offered by third parties (who are not our affiliates), we may at our option collect the payments you must make to the third parties, and remit them to the third parties on your behalf. The optional programs include financing by Distribution Services of America, Inc. ("DSA"), vehicle lease payments to certain companies from whom you lease your vehicle, DSA tax and accounting services, and Allstate Insurance for your insurance coverage.

There are no other recurring or isolated fees that you must pay to Aunt Millie's Bakeries or its Affiliates.

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Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	Payee
Initial Franchise Fee ¹	\$30,000 to \$100,000	Lump sum	At closing	Us
Computer use ²	\$455 (\$35/week)	Weekly installments	As billed	Us
Sales/Use Tax ³	\$27 to \$39 (\$2 to \$3 weekly)	Weekly installments	As billed	Us
Vehicle ⁴	\$2,500 to \$55,000	Lease or Purchase	As arranged	Non-affiliated third party vendor
Loan Fees to First Capital ⁵	\$0 to \$800	Lump Sum	At closing	First Capital
Loan Origination Fee to DSA ⁶	\$0 to \$400	Lump Sum	At closing	DSA
Products for 1 week (Inventory) ⁷	\$3,000 to \$25,000	Lump Sum	Weekly	Us
Vehicle Maintenance ⁸	\$156 to \$780	As needed	As needed	Third party vendor
Initial Insurance Coverage ⁹	\$520 to \$715	Weekly installments	As billed	Non-affiliated third party insurer
Additional Funds ¹⁰	\$330 to \$3,305	Not Applicable	Not Applicable	Not Applicable
TOTAL	\$36,988 to \$186,494			

¹ The amount of the initial franchise fee will be determined by us and will depend on the historical sales volume for the Sales Area covered by the franchise.

² We will offer you the use of a hand-held computer system, compatible with our system. The weekly use rate for the hand-held computer system, including maintenance, is currently \$30. In addition, we charge you \$5 a week for printer paper and ribbons that are compatible with the hand-held computer. This fee is not refundable.

³ We will charge you sales and use taxes on the computer use and computer supplies. The amount of taxes will vary by state. We estimate they will be between \$2 and \$3 per week.

- 4 If you do not currently own a delivery vehicle that is adequate to service the Sales Area with the Products, you must purchase or lease a delivery truck from a third party. The low estimate assumes you lease a vehicle. The high estimate assumes you purchase a new vehicle.
- 5 You have the option of financing 90% of the initial Franchise Fee (see Item 10 of this Franchise Disclosure Document). If you elect to obtain financing from First Capital Acceptance Corp., (“Lender” or “First Capital”), you must pay a Loan Fee equal to \$350 plus 1/2% of the loan amount. The Loan Fee may be financed; see Item 10.
- 6 You have the option of financing the remaining 10% of the initial Franchise Fee from Distribution Services of America, Inc. (“DSA”), which is not affiliated with Aunt Millie’s Bakeries (see Item 10 of this Franchise Disclosure Document). If you finance with DSA, you must pay DSA a loan origination fee of \$400. The loan origination fee may be financed; see Item 10.
- 7 The range shown is for 1 week’s worth of Products (inventory). You will purchase Products from us in quantities to meet the requirements of the Outlets in your Sales Area. You will pick up the Products on a daily basis for daily delivery (Wednesdays and Sundays possibly excepted). You will pay us for the Products on a weekly basis. We anticipate, but do not guarantee, that your receipts from the Outlets to whom you deliver Products will exceed the price of the Products you purchase from us. That way, you should not have to infuse any of your own funds into your business in order to purchase the Products.
- 8 Vehicle maintenance includes oil, grease, tires and other routine maintenance. The low estimate is for a new vehicle and the high estimate assumes a used older vehicle. The estimates are for the first 3 months of operation.
- 9 You must purchase the comprehensive general liability insurance, automobile liability insurance, and product liability insurance coverages set forth in the Aunt Millie’s Bakeries Security Agreement attached as Exhibit H to this Franchise Disclosure Document. The figure shown in the table reflects the estimated quarterly premium for insurance. If purchased through an approved vendor, this cost can, at your option, be paid weekly and thereby would represent no upfront cost. Your actual insurance costs may be more or less than this amount. This fee is not refundable.
- 10 The estimates for Additional Funds are for expenses in operating the business during the initial period of operations, estimated to be 3 months. These include gas for your vehicle, telephone, supplies, lease or purchase of a dolly for use in loading and unloading product, and other miscellaneous items. We have compiled these estimates based on our experience in establishing and operating similar businesses. You should review these figures carefully with a business or financial advisor before making any decision to purchase a franchise.

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Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must obtain a hand-held computer system and printer compatible with that system utilized by us. We are currently the only approved supplier of the hand-held computer and printer.

You must purchase from us and only from us sufficient Products for proper and adequate distribution to Outlets in your Sales Area. We currently estimate that Distributors will purchase between \$3,000 and \$25,000 in Products per week.

Other than the hand-held computer system and printer and our Products, you are not required to purchase or lease goods, services, supplies, fixtures, equipment, inventory or real estate related to the establishment or operation of your business.

Other than the hand-held computer system and printer and our Products, there are no categories of goods and services for which we or our Affiliates are approved suppliers or the only approved suppliers. We have no other required specifications, designated suppliers or approved suppliers for goods or services relating to your franchise business. We do not issue our specifications and standards to franchisees or suppliers. We do not derive any compensation from suppliers for purchases made by franchisees from those suppliers.

In our fiscal year ended September 30, 2025, we derived \$77,883,431 or 17.34% of our Net Sales of \$474,329,372 from the sale of products and services to our franchised Distributors. The Net Sales revenue figure comes from our financial statements as of September 30, 2025, which includes the sale of products and services to our franchised Distributors.

We estimate that the items that you must purchase from us or designated or approved sources will constitute approximately 70% to 96% of your total expenses in commencing your business and approximately 90% to 97% of your total expenses in operating your business.

Some of the officers of the Franchisor listed in Item 2 own an interest in the Franchisor and its affiliates, which are designated or approved suppliers as described above in this Item 8.

There are no purchasing or distribution cooperatives. We do not negotiate purchase arrangements with suppliers for the benefit of Distributors. We do not provide material benefits to you based on your use of designated or approved sources.

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Item 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Distribution 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 Distribution Agreement or Other Agreement	Item in Franchise Disclosure Document
a.	Site selection and acquisition/lease	Not Applicable	Not Applicable
b.	Pre-opening purchases/leases	Bill of Sale (<u>Exhibit D</u>); Computer Equipment Use Agreement (<u>Exhibit G</u>)	Item 7
c.	Site development and other Pre-opening requirements	Not Applicable	Not Applicable
d.	Initial and ongoing training	Not Applicable	Item 11
e.	Opening	Not Applicable	Not Applicable
f.	Fees	Bill of Sale (<u>Exhibit D</u>); Distribution Agreement (<u>Exhibit C</u>), §7.5	Items 5 and 6
g.	Compliance with Standards and Policies/Operating Manual	No Requirements. There are off code return and invoice receivable purchase policies, see Distribution Agreement §§3.2, 3.4, 3.6	Not Applicable
h.	Trademarks and proprietary information	Distribution Agreement §§10.1, 10.2, 10.3, 10.5	Items 13 and 14
i.	Restrictions on products/services offered	Distribution Agreement §§3.2, 4.1	Items 8 and 16
j.	Warranty and customer service Requirements	None (other than the required prompt removal of any stale products, see Distribution Agreement §4.1)	Not Applicable
k.	Territorial development and sales quotas	Not Applicable	Not Applicable
l.	Ongoing product/service purchases	Distribution Agreement §3.2	Item 8
m.	Maintenance, appearance and remodeling requirements	None [other than pursuant to the optional Advertising Agreement (<u>Exhibit E</u>)]	Not Applicable

	Obligation	Section in Distribution Agreement or Other Agreement	Item in Franchise Disclosure Document
n.	Insurance	First Capital Security Agreement §3.f (<u>Exhibit B</u>); Aunt Millie's Bakeries Security Agreement §2(d) (<u>Exhibit H-1</u>) DSA Security Agreement §3(e) [<u>Exhibit J(2)</u>]	Item 7
o.	Advertising	None (other than pursuant to the optional Advertising Agreement (<u>Exhibit E</u>))	Not Applicable
p.	Indemnification	Distribution Agreement §12.5	Not Applicable
q.	Owner's participation/management/staffing	Distribution Agreement §§ 2.3, 4.3	Item 15
r.	Records and reports ¹	Distribution Agreement §§3.4	Not Applicable
s.	Inspections and audits	Distribution Agreement §10.2	Item 13
t.	Transfer	Distribution Agreement §§7.1, 7.2	Item 17
u.	Renewal	Not Applicable	Not Applicable
v.	Post-termination obligations	Distribution Agreement §§9.4, 10.4	Item 17
x.	Non-competition covenants	Distribution Agreement §4.1	Item 17
y.	Dispute resolution	Distribution Agreement §§11.1, 11.2, 11.3, 11.5	Item 17
z.	Develop and maximize sale of Products ¹	Distribution Agreement §4.1	Not Applicable

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Item 10

FINANCING

Optional Financing Arranged by Aunt Millie's Bakeries (subject to applicability and qualification)

We have made arrangements with our affiliated lender, First Capital Acceptance Corp., ("First Capital") to offer financing (subject to applicability and qualification) which may be available to you, of up to 90% of the initial franchise fee. The terms of the loan are summarized below. References to agreements and sections (i.e., Promissory Note, §1) relate to the Financing Documents included as Exhibit B to this Franchise Disclosure Document.

1. Amount of Financing. Up to 90% of franchise fee.
2. Annual Percentage Rate. The annual percentage rate shall be 10.5%.
3. Term. 10 year repayment period (Promissory Note, §3).
4. Security.
 - a. Rights under the franchise (Distribution Agreement, §3.7, Financing Security Agreement, § 1 and Form UCC-1 Financing Statement).
 - b. All accounts, accounts receivable, contract rights and chattel paper relating to franchise (Financing Security Agreement, §1, and Form UCC-1 Financing Statement).
 - c. All equipment, inventory, goods, property and general intangibles relating to the franchise, whether now or hereafter existing or acquired (Financing Security Agreement, §1 and Form UCC-1 Financing Statement).
 - d. Any and all accessions, replacements and additions to or of the foregoing (Financing Security Agreement, §1 and Form UCC-1 Financing Statement).
 - e. All cash or non-cash proceeds (including insurance proceeds) of the collateral listed above.
5. Guaranty. We do not require a personal guaranty of the First Capital Note.
6. Prepayment. You may prepay the loan with no penalty (Promissory Note, §4).
7. Liability Upon Default. Upon default, First Capital may, without notice, demand or presentment, declare the entire principal balance of the note immediately due and payable. This balance shall bear an interest rate of 12% per year (calculated on the basis of a 360-day year). Upon the commencement of any proceeding under any bankruptcy, insolvency or debtor relief laws by or against you, the note, principal and interest will automatically be due and payable immediately, without notice, demand or presentment of any kind. You must pay all of First Capital's costs and expenses of collection, including reasonable attorneys' fees, court costs and expenses (Promissory Note, §§6 and 7).

8. Late Charges. If First Capital has not received the full amount of any monthly payment by the end of 15 calendar days after the due date, First Capital will charge a late charge fee in the amount of 5% of the overdue monthly payment (Promissory Note, §7.a.).
9. Loss of Legal Right Upon Default. Upon default, you waive your right to presentment, demand for payment, protest, notice of dishonor, notice of protest and notice of default of the note (Promissory Note, §7.c.).
10. Closing Fees. At closing, you must pay 1/2% of the loan amount as an origination fee plus \$350 as a loan fee. Both of these fees may be financed.
11. Conditions. You must meet First Capital's credit requirements.

If you enter into a financing agreement with First Capital, you will authorize us to deduct, from any sums owed to you as a result of the weekly settlement of your account, an amount sufficient to meet your monthly loan payment. We will also deduct an amount sufficient to pay, on a monthly basis, your insurance premium (if purchased through the program made available by Allstate Insurance or by Christine & Mullen Insurance Group, a third party vendor). We will forward these monthly payments directly to First Capital and insurance company in a timely manner. See Purchase of Receivables included as Exhibit B(4) to this Franchise Disclosure Document.

Supplemental Optional Financing from Distribution Services of America, Inc. (Independent of First Capital, Perfection Distribution LLC, and Aunt Millie's Bakeries)

Completely independent of Aunt Millie's Bakeries, we have made arrangements through a third party unrelated to Aunt Millie's Bakeries, Distribution Services of America, Inc. ("DSA") to offer financing covering the remaining 10% of the initial franchise fee. This financing is optional and Aunt Millie's Bakeries does not arrange, endorse, or guarantee it in any way. The terms of the loan are summarized below. References to agreements and sections (i.e., DSA Promissory Note, §1) relate to the DSA Financing Documents included for your convenience and referenced as Exhibit J to this Franchise Disclosure Document.

1. Amount of Financing. 10% of the initial franchise fee.
2. Annual Percentage Rate. The final annual percentage rate shall be established 30 days prior to closing (DSA Promissory Note, §2).
3. Term. 5 year repayment period (DSA Promissory Note, §3).
4. Security.
 - a. Rights under the franchise (DSA Financing Security Agreement, §1 and Form UCC-1 Financing Statement).
 - b. All equipment, inventory, accounts receivable, goods, property, contract rights, chattel paper and general intangibles relating to the franchise (DSA Financing Security Agreement, §1 and Form UCC-1 Financing Statement).

- c. Any and all accessions, replacements and additions to or of the foregoing and all cash or non-cash proceeds of the foregoing (DSA Financing Security Agreement, §1 and Form UCC-1 Financing Statement).
5. Guaranty. DSA does not require a personal guaranty of the DSA Promissory Note.
6. Prepayment. You may prepay the loan with no penalty (DSA Promissory Note, §4).
7. Liability Upon Default. Upon default, DSA may, without notice, demand or presentment, declare the entire principal balance of the note immediately due and payable. This balance due shall bear an interest rate of 12% per year (calculated on the basis of a 360-day year). Upon the commencement of any proceeding under any bankruptcy, insolvency or debtor relief laws by or against you, the note principal and interest will automatically be due and payable immediately, without notice, demand or presentment of any kind. You must pay all of Lender's costs and expense of collection, including reasonable attorneys' fees and expenses (DSA Promissory Note, §§6 and 7).
8. Late Charges. If DSA has not received the full amount of any monthly payment by the end of 15 calendar days after the due date, DSA will charge a late charge fee in the amount of 5% of the overdue monthly payment (DSA Promissory Note, §7.a.).
9. Loss of Legal Right Upon Default. Upon default, you waive your right to presentment, demand for payment, protest, notice of dishonor, notice of protest and notice of default of the note (DSA Promissory Note, §7.c.).
10. Closing. At closing, you must pay \$400 to DSA as a loan origination fee.
11. Conditions. You must meet DSA's credit requirements.

Product Purchases on Credit.

You will purchase Products from us on a credit basis. We will furnish you Products on a daily basis, and you must pay us on a weekly basis. We do not charge any interest or additional fees in connection with this credit arrangement. However, we do take a security interest in your franchise and all associated assets (including your distribution rights, vehicle and accounts receivable) to assure your payment of Products (see Exhibit H, Security Agreement/UCC-1). See Item 8.

The financing arrangements described above are designed to assist you with your financing of the franchise and are optional. We do not provide direct financing to you. We do not sell, assign or discount loans to a third party, nor do we receive direct or indirect payments for placing financing, nor do we guarantee your obligations to your lenders.

Payment of Your Equity Upon Your Sale or Transfer

In the event of your sale or transfer under Article 7 of your Distribution Agreement, where you have equity in your Distribution Rights (where the value of your Distribution Rights and or

your routes sold or transferred exceeds the balance due from you under any promissory notes to AUNT MILLIE's or to any third party), the equity will be paid to you according to the payment schedule below:

<u>Amount of Your Equity</u>	<u>Payment Time Frame</u>
<=\$10,000	30 days after closing
>\$10k, but <= \$50k	Evenly at 30, 60, 90 days starting 30 days after closing
>\$50k, but <=\$100k	Evenly at 30, 60, 90, 120, 150, 180 days starting 30 days after closing
>\$100k, but <= \$200k *	Even amount monthly over 12 months starting 30 days after closing date
> \$200k *	Even amount monthly over 24 months starting 30 days after closing date

* FCAC (First Capital Acceptance Corp.) would pay interest at current rate on line of credit but not greater than 5% annually.

Payment terms are subject to change at the determination of FCAC.

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Item 11
FRANCHISOR'S OBLIGATIONS

Except as listed below, the Franchisor is not required to provide you with any assistance.

Before you open your business, we will designate your exclusive Sales Area (Distribution Agreement, §1.1) and sell to you the Products for your first week of operation.

During the operation of your business, we will:

1. Give you credit for damaged or off-code Products that have been promptly returned in accordance with our stale and damage return policy (Distribution Agreement, §3.2);
2. If applicable, purchase properly filled out and executed charge slips from you and credit your account; for scan based trading accounts, the purchase amount will be less any adjustments based on the scan reconciliation of the Outlets (Distribution Agreement, §3.5);
3. Use commercially reasonable efforts to deliver to you sufficient quantities of the Products to supply Outlets in your Sales Area (Distribution Agreement, §5.1);
4. Use commercially reasonable efforts to assist in the development of new Outlets (Distribution Agreement, §5.1);
5. Use commercially reasonable efforts to pursue the development of new Products (Distribution Agreement, §5.1);
6. Use commercially reasonable efforts to test and develop the quality and marketability of the Products (Distribution Agreement, §5.1);
7. Use commercially reasonable efforts to assist and cooperate with you in your sales efforts (Distribution Agreement, §5.1);
8. Use commercially reasonable efforts to negotiate with Chains (as defined in §1.6 of the Distribution Agreement) on your behalf (Distribution Agreement, §5.2);
9. If resources are available, operate the business for your account in the event of termination under §§9.2 or 9.3 of the Distribution Agreement (Distribution Agreement, §9.4).

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Advertising Program

We are not obligated to conduct any advertising for the franchise system. You do not contribute to any advertising or marketing fund, and you are not obligated to conduct any advertising or marketing. There is no advertising council.

You may at your option enter into an Advertising Agreement with us, in which event we will pay you \$60 a week to display our decals or other advertising materials on the outside of your vehicle and \$60 per week to advertise on your clothing.

Computer

The only computer you must have is the hand-held computer, software, and/or other devices described in Items 5, 6, 7 and 8. Its purpose is for ordering and billing. You will sign the Computer Equipment Use Agreement (Exhibit G) with us and agree to pay us the weekly use fee of \$30 plus \$5 per week for paper and ribbons. We may increase the weekly use fee, and there is no limit on how often or by how much we may increase it. That does not include sales/use taxes, estimated at \$2 to \$3 per week, which we charge you. Under that Agreement, we are obligated to furnish you the hardware and software, and to provide the maintenance, repairs, updates and upgrades to the computerized system, at no cost to you.

We will have independent access to the information generated and stored in your hand-held system. There are no contractual limits to our access to that computer information.

Site Selection

The Sales Area covered by your franchise is determined by us based on our need to ensure that our network of independent, franchised Distributors sufficiently covers Outlets in the Sales Area. All Sales Areas will contain existing Outlets that may have previously been serviced by us, and which will become your customers. Factors we consider in determining whether a Sales Area meets our approval are: (a) it contains a sufficient number of Outlets that generate a level of sales needed by the Distributor; and (b) its geographic size is not so large as to make it impossible for the Distributor to physically deliver the Products to all the Outlets within the Sales Area.

We designate the Sales Area and identify it in the Distribution Agreement offered to you. If you and we do not agree on a Sales Area, you will not enter into a Distribution Agreement with us.

We do not require you to have any office or business location either within or outside your Sales Area. The only requirement is that you have an address for purposes of corresponding with us.

The typical length of time between the signing of the Distribution Agreement and the start of your franchise operation is less than 1 week. You must commence operating your business on the Sunday following the date you sign the Distribution Agreement.

Operations Manual

We do not have an Operations Manual.

Training

We anticipate that our Distributors will be persons who already have experience working for a business similar to the one described in this Franchise Disclosure Document. Based on that prior work experience, they will be familiar with the business operations involved in this franchise and will not require training. If necessary, we will provide one-on-one orientation if you do not have prior work experience.

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Item 12

TERRITORY

You will receive an exclusive territory. You will be granted the exclusive right to distribute Products within your Sales Area, which will be described as a precise geographic area bounded by streets and highways or various political or natural boundaries. Sales Areas vary broadly, based on population density, demographics, product demand and other factors. A Sales Area may be as small as 3 square blocks (in a densely urban area) and as large or larger than 300 square miles. We will take into account your desire and demonstrated ability to handle a large Sales Area. There is no typical Sales Area, other than it must be an area in which you can reasonably and safely deliver to each customer on a daily basis.

A description of your Sales Area will be attached as Schedule A to the Distribution Agreement and Bill of Sale (Exhibits C and D, respectively). Your Sales Area may include certain Outlets or areas beyond the geographic boundary but may also exclude certain Outlets or areas within your geographic boundary. Outlets may be “additions” (those outside the geographic boundaries of your Sales Area, but to which you deliver Product), or “exceptions” (those inside the geographic boundaries of your Sales Area but to which you do not deliver Product). “Additions” and “exceptions” are determined if Outlets have specific requirements, such as scheduled delivery times, and are located at places that make it impractical to be within your Sales Area.

Once your Sales Area is determined and is set forth in the Distribution Agreement, it cannot be modified without the written consent of both parties.

We will not sell or grant rights to another distributor or franchisee to sell to Outlets in your Sales Area the Products that we authorize you to sell under your Distribution Agreement. Generally, we will not directly or indirectly sell Products (as set forth in the Distribution Agreement) to Outlets within your Sales Area unless you are unable to perform your obligations under the Distribution Agreement (see Distribution Agreement, §8.1). However, we may sell directly to an Outlet that makes an independent determination to require delivery of Products by any method other than Direct Store Delivery, and in that situation, you will not receive any compensation from those sales (see Distribution Agreement, §8.2).

You are prohibited from selling Products outside your Sales Area (Distribution Agreement, § 10.1). You are also prohibited from selling Products by any means other than Direct Store Delivery (see Distribution Agreement, §1.5).

We have the right within your Sales Area to sell, ourselves, through other franchises or through other channels of distribution, similar items to the Products, under a different trademark.

Continuation of your territorial exclusivity does not depend on achievement of a certain sales volume, market penetration or other contingency.

You do not have the right to expand into additional Sales Areas. If you desire to do so, you must meet our then-current criteria for new franchisees, demonstrate your capability to operate successfully, and obtain our agreement. You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

We operate businesses under our principal trademark selling goods and services similar to those you will offer. Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under our principal trademark or under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13 **TRADEMARKS**

List of Principal Trademarks Owned by Aunt Millie’s Bakeries or Licensed by Aunt Millie’s Bakeries

Trademark	Date Registered	Registration #
Aunt Millie’s	September 3, 1996	1998181
Koeplinger’s	November 27, 1951	0551341
Sunbeam (Licensed; see below)	May 14, 1968	0849089
Hillbilly (Licensed; see below)	March 9, 1965	0786501
WE LOVE TO BAKE	January 4, 2011	3901093

The 3 marks we own, Aunt Millie’s, Koeplinger’s, and WE LOVE TO BAKE, are registered on the Principal Register of the United States Patent and Trademark Office. We have filed all required affidavits and renewed these Marks in a timely manner.

Licensed Marks

We have entered into 2 agreements which give us the right to manufacture, sell, and distribute products under the “Sunbeam” and “Hillbilly” marks (“Licensed Marks”). We do not have the authority to file required affidavits or to renew the registrations of the Licensed Marks. In our License Agreement (“Roush License Agreement”) dated December 10, 1975 with Roush Bakery Products, Inc. (“Roush”), we have the exclusive right to manufacture and sell Hillbilly Bread in certain areas of Indiana and Ohio (“Our Roush Territory”). If your Sales Area is within Our Roush Territory, you may distribute Hillbilly Bread products as well as Aunt Millie’s and Koeplinger’s products. The term of the Roush License Agreement is for an indefinite period of time, although we may cancel it by giving 120 days written notice. Roush may terminate the Roush License Agreement upon 10 days’ notice for cause, including: our failure to follow Roush’s recipes, our failure to maintain at least 40 grocery routes for the distribution of Hillbilly Bread, our failure to sell an average of at least 100 units of Hillbilly bread per route per week over a 30 day period, our discontinuing the manufacture and/or sale of the Hillbilly products for a period of 30 or more days, or in the event of our insolvency, assignment for the benefit of creditors, or the filing of a bankruptcy petition.

We derive the right to manufacture, sell, and distribute “Sunbeam” products from our agreement (“QBAC Agreement”) dated November 20, 1946 with Quality Bakers of America Cooperative, Inc. (“QBAC”), of which we are a member. Our QBAC Territory includes portions of Indiana and Michigan. If your Sales Area is within Our QBAC Territory, you may distribute Sunbeam products as well as Aunt Millie’s and Koepplinger’s products. The term of the QBAC Agreement is for an indefinite period of time, so long as we remain a Member in good standing of QBAC. As members in QBAC for almost 60 years, we have no reason to believe that our right to manufacture, sell, and distribute “Sunbeam” products will be terminated in the foreseeable future.

There are no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, any pending interference, opposition, or cancellation proceedings involving any of the Principal Marks. There are no other agreements currently in effect that significantly limit our rights to use or license the use of the Principal Marks listed in this section in a manner material to you. There are no infringing uses or superior previous rights known to us that can materially affect your use of the Principal Marks in this state of any other state in which the franchised business is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any Principal Mark.

You must notify us of any apparent infringement of or challenge to any of the Principal Marks in your Sales Area and to fully cooperate with us in any legal action relating to enforcement of rights in the Principal Marks. The Distribution Agreement does not require us to take affirmative action when notified of these claims. We and/or our licensor shall have the exclusive right to control any legal action regarding enforcement of rights in the Principal Marks. We and/or our licensor will bear the cost and expense of any legal action and be entitled to any recovery associated with legal action.

We have the right to require you to use new marks and to discontinue or modify your use of any Principal Mark, name or commercial symbol. If it becomes advisable at any time, in our sole discretion, for us to modify or discontinue use of any Principal Mark and/or use of additional or substitute trademarks or service marks, you agree to do so within a reasonable time after notice by us. In that event, we will reimburse you your out-of-pocket expenses for changing signs, letterhead and other tangible items bearing the Principal Marks to be changed.

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Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or copyrights are material to the franchise.

We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

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

We do not require that you personally operate the franchised business, but we hold the corporate Distributor and the majority shareholder responsible for compliance with the Distribution Agreement. You are free to hire employees and/or to retain independent contractors as you deem appropriate to discharge your responsibilities under the Distribution Agreement. The persons you hire to operate the franchised business are not required to have any amount of equity interest in the franchised business.

You shall be responsible for these employees and/or independent contractors and their compliance with all the terms and conditions of the Distribution Agreement and you must comply with all applicable federal, state and local laws and regulations concerning your employer/employee or other relationship with them, including the maintenance of all required worker's compensation and unemployment insurance, and the payment and/or withholding of all applicable payroll related taxes (Distribution Agreement, §4.3).

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

If you acquire a franchise, you will be granted the exclusive right to distribute certain Products under certain brand names to certain Outlets within a designated Sales Area as defined in your Distribution Agreement. We will have the right to determine which Products will be sold to you for resale and distribution in your Sales Area. Additionally, some Outlets may decide to merchandise Products themselves or through other third parties. In those instances, we may continue to sell Products to those Outlets and your right to provide Direct Store Delivery services to those Outlets shall be discontinued until those Outlets elect to restore those services to you.

Your Sales Area may include certain Outlets or areas beyond the geographic boundary but may also exclude certain Outlets. We will also grant to you a limited, non-exclusive license to use these Principal Marks in the Sales Area.

We do not prohibit or restrict your right to carry and distribute merchandise for other companies except that you may not: (i) carry or distribute merchandise that is competitive with or could contaminate the Products; (ii) participate in activities that are inconsistent with or interfere with your obligations under the Distribution Agreement; or (iii) offer or sell any items that could harm or damage the good will of the Principal Marks (e.g., pornography) (Distribution Agreement, §4.1).

Item 17
**RENEWAL, TERMINATION, TRANSFER
AND DISPUTE RESOLUTION**

This table lists certain important provisions of the Distribution Agreement and, where noted, other agreements. You should read these provisions in the Franchise Agreement and, where noted, other agreements attached to this Franchise Disclosure Document.

THE FRANCHISE RELATIONSHIP

Unless otherwise stated, all references in the table refer to the relevant section of the Distribution Agreement.

(The remainder of this page is left blank intentionally.)

	Provision	Section in Distribution Agreement	Summary
a.	Length of the franchise term	§2.1, and Article 9	Until sold by you or terminated by us for cause as defined in the Distribution Agreement
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for Distributor to renew or extend the term	Not Applicable	Not Applicable
d.	Termination by Distributor	Not Applicable	Not Applicable
e.	Termination by Franchisor without “cause”	Not Applicable	Not Applicable
f.	Termination by Franchisor with “cause”	§§ 9.1, 9.2, 9.3	We can terminate only if you default in your obligations under the Distributor Agreement or any other agreement with us or with our Affiliates
g.	“Cause” defined - curable defaults	§9.3	Any event of failure of performance other than those in §9.2. Examples are failure to pay amounts due, failure to deliver Products in a timely and proper manner, termination of any agreements you have with our Affiliates
h.	“Cause” defined – non-curable defaults	§ 9.2	Failure of performance involving criminal activity, threat to public health or safety, or threat to do significant harm to Aunt Millie’s Bakeries, its trademarks or commercial reputation
i.	Distributor’s obligations on termination/non-renewal	§§ 2.2, 9.4, 10.4	Sell Distribution Rights, stop use of Principal Marks and return of marketing promotional material provided by us
j.	Assignment of contract by Franchisor	Not Applicable	Freely assignable by us
k.	“Transfer by Distributor” defined	§§ 7.1, 7.2	Distribution rights sold or transferred by you or your estate
l.	Franchisor approval of transfer by Distributor	§7.1	We have the right to approve, approval not unreasonably withheld

	Provision	Section in Distribution Agreement	Summary
m	Conditions for Franchisor approval of transfer	§7.1	Purchaser must be acceptable to us; Purchaser must execute all our then-current Agreements; you must pay all amounts due us and our Affiliates; approval may not be unreasonably withheld; also subject to our right of 1st refusal to match purchase price
n.	Franchisor's right of first refusal to acquire Distributor's business	§7.1	We can match any offer you receive for your distribution rights
o.	Franchisor's option to purchase Distributor's business	Not Applicable	Not Applicable
p.	Death or disability of Distributor	§7.2	Since Distributor is a corporation, upon death of a controlling shareholder, his or her stock will be transferred in accordance with his or her estate plan, or according to the law. The Distribution Agreement remains in effect subject to the requirements regarding assignment.
q.	Non-competition covenants during the term of the franchise	§4.1	You can engage in other business activity unless and except to the extent that it involves competitive merchandise or merchandise that could contaminate the Products or that it is inconsistent or interferes with your other obligations under the Distribution Agreement
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s.	Modification of the agreement	§12.4	Only by a writing signed by both parties
t.	Integration/merger clause	§12.4	The Distribution Agreement, the Bill of Sale, the Aunt Millie's Bakeries Security Agreement and any other agreements executed at closing constitute the entire agreement of the parties with respect to the franchise. Nothing in the Distribution Agreement or in any related agreement is intended to disclaim our representations made in this franchise disclosure document.

	Provision	Section in Distribution Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Article 11	Disputes between you and Aunt Millie's Bakeries shall be first subject to mediation, and if unable to resolve the dispute, it may be submitted to final and binding arbitration if timely elected by either party.
v.	Choice of forum	Article 11	All mediation, arbitration, and litigation proceedings must take place in the county where the principal place of business of distributor is located (subject to state law)
w	Choice of law	§12.8	Indiana law applies to the Agreements with Aunt Millie's Bakeries; New York law applies to the Agreements with DSA (subject to state law)

Item 18 **PUBLIC FIGURES**

We do not currently use any public figure to promote this franchise.

Item 19 **FINANCIAL PERFORMANCE REPRESENTATIONS** **REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting George Long, Vice President of Risk Management, at 230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2023 to 2025
(Figures are as of September 30)

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet* Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	165	170	+5
	2024	170	154	-16
	2025	154	115	-39
Company- Owned	2023	376	391	+15
	2024	391	348	-43
	2025	348	342	-6
Total Outlets	2023	541	561	+20
	2024	561	502	-59
	2025	502	457	-45

* The reference to “outlets” in this Item 20 means routes that Franchisee or the Company services.

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Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023 to 2025
(Figures are as of September 30)

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Illinois	2023	7
	2024	11
	2025	2
Indiana	2023	0
	2024	2
	2025	4
Kentucky	2023	0
	2024	8
	2025	0
Michigan	2023	1
	2024	2
	2025	1
Ohio	2023	5
	2024	1
	2025	13
Totals	2023	13
	2024	24
	2025	20

(The remainder of this page is left blank intentionally.)

Table No. 3
Status Franchised Outlets
For years 2023 to 2025
(Figures are as of September 30)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Illinois	2023	60	0	0	0	3	1	57
	2024	57	0(+3T)*	2	0	1	3	54
	2025	54	0	4	0	8	3	39
Indiana	2023	42	0	0	0	1	0	43
	2024	43	0	1	0	1	0	41
	2025	41	0	2	0	2	0	37
Kentucky	2023	5	0	0	0	0	0	7
	2024	7	0(+1T)*	1	0	0	1	6
	2025	6	0	1	0	0	0	5
Michigan	2023	13	0	0	0	1	0	12
	2024	12	0	2	0	2	0	8
	2025	8	0	1	0	2	0	5
Ohio	2023	45	0	0	0	5	1	51
	2024	51	0(+8T)*	5	0	0	9	45
	2025	45	0	5	0	1	10	29
Totals	2023	165	0	0	0	10	2	170
	2024	170	0(+12T)*	11	0	4	13	154
	2025	154	0	13	0	13	13	115

* It is typical for an outlet (route) that is reacquired by the Franchisor (Column 7) to be immediately re-sold to another Distributor. Those re-sold outlets are noted as (+__T)* in Column 4, which are in addition to brand new routes opened.

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Table No. 4
Status of Company-Owned Outlets
For years 2023 to 2025
(Figures are as of September 30)

Col.1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchise	Col. 8 Outlets at End of the Year
Illinois	2023	35	2	3	1	1	38
	2024	38	0	1	1	11	27
	2025	27	0	8	0	4	31
Indiana	2023	69	2	1	(3-C)	2	67
	2024	67	0	1	0	3	65
	2025	65	0	2	0	3	64
Kentucky	2023	12	7	0	0	2	17
	2024	17	0	0	0	7	10
	2025	10	0	0	0	4	6
Michigan	2023	221	0	1	(1-C)	0	221
	2024	221	0	2	0	2	221
	2025	221	0	2	0	1	222
Missouri	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Ohio	2023	26	12	5	1	7	35
	2024	35	0	0	0	23	12
	2025	12	0	1	1	6	6
Wisconsin	2023	11	0	0	0	0	11
	2024	11	0	0	0	0	11
	2025	11	0	0	0	0	11
Tennessee	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Totals	2023	376	23	10	2(4-C)	12	391
	2024	391	0	4	1	46	348
	2025	348	0	13	1	18	342

* The Company at times consolidates routes without actually closing them. The numbers in

Column 6 that are in parentheses with “C” (__-C) indicate that that number of routes was consolidated with other routes, resulting in a fewer number of outlets or routes.

Table 5

Projected Openings For One-Year Period as of October 1, 2025

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN NEXT YEAR
Illinois	0	0	11
Indiana	0	0	0
Kentucky	0	0	0
Michigan	0	1	0
Missouri	0	0	0
Ohio	0	4	0
TOTAL	0	5	11

The list of the Distributors as of September 30, 2025 is attached as Exhibit K to this Franchise Disclosure Document.

Exhibit K also contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There have been no agreements containing confidentiality clauses signed with franchisees in the last 3 fiscal years.

We have not created, sponsored, or endorsed any franchisee associations. There are no franchisee associations that have asked to be disclosed in our Disclosure Document.

(The remainder of this page is left blank intentionally.)

Item 21
FINANCIAL STATEMENTS

The attached Exhibit I includes the following:

The audited consolidated balance sheets of Perfection Bakeries, Inc. as of September 30, 2025 and September 30, 2024, and September 30, 2024 and 2023, and the related consolidated statements of income and/or operations, comprehensive income and/or loss and cash flows for the years then ended, and the related notes to the financial statements.

Also included are the unaudited balance sheet and statement of income of Perfection Bakeries, Inc. as of December 31, 2025 and December 31, 2024.

Our fiscal year end is September 30.

Item 22
CONTRACTS

Attached to this Franchise Disclosure Document are the following agreements:

Exhibit B	-	Financing Documents
	(1)	(a) Promissory Note
		(b) Distribution Authorization
	(2)	Financing Security Agreement
	(4)	Purchase of Receivables
Exhibit C	-	Distribution Agreement
Exhibit D	-	Bill of Sale
Exhibit E	-	Advertising Agreement
Exhibit F	-	Buy Back Agreement
Exhibit G	-	Computer Equipment Use Agreement
Exhibit H	-	(1) Aunt Millie's Bakeries Security Agreement
Exhibit J	-	DSA Financing Documents
	(1)	Promissory Note
	(2)	Financing Security Agreement
	(4)	Loan Proceeds Distribution Authorization
Exhibit M	-	State Addenda to the Disclosure Document and Agreements

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.

Item 23
RECEIPT

The last page of this Franchise Disclosure Document is a detachable receipt of the Franchise Disclosure Document by you.

(The remainder of this page is left blank intentionally.)

EXHIBIT A

LIST OF STATE ADMINISTRATORS and AGENTS FOR SERVICE OF PROCESS

Illinois - State Administrator

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

Michigan - Agent for Service of Process

Michigan Department of Commerce,
Corporations and Securities Bureau
525 W. Ottawa
670 Williams Building
Lansing, MI 48913

Illinois - Agent for Service of Process

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana - State Administrator

Alex Glass
Securities Commissioner
State of Indiana
Securities Division
302 W. Washington Street, Room E-111
Indianapolis, IN 46204
(317) 232-6681

Indiana - Agent for Service of Process

Secretary of State
201 State House
Indianapolis, IN 46204

Michigan - State Administrator

Katharyn Barron
Michigan Attorney General's Office
525 W. Ottawa Street
Lansing, MI 48909
(517) 373-7117

Exhibit B(1)(a)
Financing Documents with First Capital Acceptance Corp.
Promissory Note

FIRST CAPITAL ACCEPTANCE CORP.

PROMISSORY NOTE

DATE: _____, 20__

\$ LOAN AMOUNT

1. BORROWER'S PROMISE TO PAY

For Value Received, I, **DISTRIBUTOR'S CORPORATE NAME** (the "Borrower"), residing at **DISTRIBUTOR'S ADDRESS**, promise to pay to the order of **FIRST CAPITAL**, with a place of business at _____ (the "Lender"), the amount of **LOAN AMOUNT & 00/100THS DOLLARS (\$_____ .00)** together with interest from the date of this Note on the unpaid balance at a rate of interest as set forth below until fully paid according to the terms herein. I understand that the Lender may assign to a third party all or part of the Lender's rights hereunder, its rights under a Financing Security Agreement dated on or about the date hereof (which agreement secures the obligations of the Borrower hereunder), and the right to receive payments under this Note. The Lender or anyone who takes this Note by assignment is hereinafter referred to as "Note Holder".

2. INTEREST RATE

The principal sum outstanding shall bear an interest rate equal to _____ % per annum from the date of this Note until such time as the entire remaining principal and interest has been fully paid. Any amount of principal not paid when due, including the entire principal balance in the event of an acceleration of this Note as provided below, shall bear interest, to the extent permitted by law, at a rate per annum of TWELVE PERCENT (12%), calculated on the basis of a 360-day year.

3. PAYMENT TERMS

Principal and interest shall be due and payable in ONE HUNDRED TWENTY (120) equal monthly installments in the amount of \$_____, the first installment of which shall become due on _____, 20__ and the remaining installments which shall become due on the 1st day of each calendar month thereafter through and including _____, 2030, provided that the amount of the final installment must in any event be sufficient to pay all then outstanding principal of this Note and all unpaid interest accrued under this Note. All payments on this Note shall be applied first to interest accrued and the balance, if any, to principal.

4. BORROWER'S RIGHT TO PREPAY

Borrower may prepay the full amount or any part of this Note without prepayment penalty but together with any accrued but unpaid interest thereon. Each prepayment shall be applied against installments due hereunder in the inverse order of their maturity. In the event of a partial prepayment of this Note in an amount equal to or greater than Twenty Five Percent (25%) of the outstanding principal amount hereof on the date of prepayment, the monthly payment amount set forth in Section 3 hereof shall be reset by the Note Holder and accepted by the Borrower in writing.

5. LOAN CHARGES

If, under any law with applicability to this Note which sets maximum loan charges, the interest or other loan charges collected or to be collected in connection with this Note exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Note Holder may choose to make this refund by reducing the principal Borrower owes under this Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial pre-payment.

6. EVENTS OF DEFAULT

This Note, and all other obligations of the Borrower to Note Holder, shall be and become immediately due and payable at the option of the Note Holder, without any demand or notice whatsoever, upon the occurrence of any of the following described events, each of which shall constitute a default:

- a) any failure to make any payment when due of the principal, interest or late charges;
- b) Borrower's failure to comply with or perform any provisions or covenants under the Financing Security Agreement executed simultaneously herewith or any other agreement between Borrower and Note Holder;
- c) the expiration, cancellation or termination of the Distribution Agreement executed between Borrower and PERFECTION BAKERIES, INC.;
- d) the death of the Borrower;
- e) any failure to submit to Note Holder, in form satisfactory to Note Holder, current personal financial information, as requested by Secured Party, current quarterly business financial statements within 30 days of the close of each calendar quarter and annual tax returns within 30 days of the date due for filing;
- f) any reduction in the value of the Collateral, due to the fault of the Borrower, which adversely affects the likelihood of satisfaction of Borrower's obligations hereunder;
- g) any action or failure to act of Borrower which, in the reasonable judgment of Note Holder, adversely affects the Collateral or Borrower's ability to repay the obligations of this Note;

- h) the creation of any lien or the issuance of an attachment against or seizure of any property of, or the entry of judgment against, the Borrower except that the Borrower may execute general liens and grant security interests to and in favor of PERFECTION BAKERIES, INC., Distribution Services of America, Inc. and B&G Leasing, Inc. for obligations other than those created hereunder;
- i) Distributor's dissolution, insolvency, inability to pay debts as they mature, appointment of a receiver for any part of its property, assignment of Distributor's assets for the benefit of creditors, the commencement of any proceeding by or against Distributor under any bankruptcy or insolvency laws, or other material adverse change in Distributor's financial condition;
- j) the occurrence of any material adverse change in Borrower's financial condition or means or ability to satisfy the obligations of this Note; or
- k) the assignment, lease, pledge or other transfer of any of the assets pledged as Collateral for this Note, without the prior written consent of the Note Holder.

7. EFFECTS OF DEFAULT

- a) Late Charges. In the event Note Holder has not received the full amount of any monthly payment by the end of fifteen (15) calendar days after the date it is due, Borrower shall pay a late charge in the amount of FIVE PERCENT (5%) of the overdue monthly payment.
- b) Acceleration. In the event Note Holder has not received the full amount of any monthly payment by the end of twenty (20) calendar days after the date it is due or any other event of default occurs, Note Holder may declare the entire outstanding principal and accrued interest immediately due and payable in full, without notice or demand, and the Note Holder shall have and may exercise all the rights remedies and privileges as are accorded to a secured party by the applicable sections of the Indiana Uniform Commercial Code in effect as of the date of this Agreement.
- c) Waiver. No failure of Note Holder to exercise any of its rights hereunder shall be deemed a waiver of any such rights or of any default. Demand, presentment, protest, notice of dishonor, notice of protest and notice of default are hereby waived by Borrower.
- d) Payment of Note Holder's Costs and Expenses. In the event of default, Borrower shall pay in addition to principal, interest and late charges, Note Holder's costs and expenses of collection including without limitation, court costs and attorney's fees, as provided for in the Financing Security Agreement executed herewith.

8. GOVERNING LAW

This Note shall be governed by the laws of the State of Indiana, without respect to choice of law rules. Any provision declared invalid under any law shall not invalidate any other provision of this Note.

9. LOAN USED FOR BUSINESS ONLY

The proceeds of the loan represented by this Note shall be used entirely for business or commercial purposes, and none of the loan proceeds shall be used for personal, family, or household purposes.

IN WITNESS WHEREOF, Borrower has hereunto set his hand and seal as of the date first above written.

DISTRIBUTOR'S CORPORATION

By: _____
PRESIDENT

Exhibit B(1)(b)
Financing Documents with First Capital Acceptance Corp.
Disbursement Authorization

DISBURSEMENT AUTHORIZATION

I, **DISTRIBUTOR'S CORPORATE NAME**, hereby authorize and acknowledge the following disbursement of the loan proceeds relative to a certain Promissory Note executed by me in favor of **FIRST CAPITAL ACCEPTANCE CORP.**, effective _____, 20__:

TO PERFECTION BAKERIES, INC.

PAYMENT TOWARD DISTRIBUTION RIGHTS PURCHASE \$XX,XXX.00
PRICE

FIRST CAPITAL ACCEPTANCE CORP.

LOAN ORIGINATION FEE XXX.00

TOTAL LOAN **\$XX,XXX.00**

Effective Date: _____, 20__ **DISTRIBUTOR'S CORPORATION**

By: _____
PRESIDENT

Exhibit B(2)
Financing Documents with First Capital Acceptance Corp.
Financing Security Agreement

FIRST CAPITAL ACCEPTANCE CORP.

FINANCING SECURITY AGREEMENT

THIS FINANCING SECURITY AGREEMENT (this "Agreement") is made effective the _____, 20____, by and between **DISTRIBUTOR'S CORPORATE NAME**, with principal office at _____ **DISTRIBUTOR'S ADDRESS** (herein called the "Borrower"), and **FIRST CAPITAL ACCEPTANCE CORP.**, with a place of business at _____ (herein called the "Secured Party").

The parties agree as follows:

1. GRANT OF SECURITY INTEREST: To secure the full and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of each of the Obligations (as hereafter defined), the Borrower hereby grants, conveys, assigns and transfers to Secured Party a security interest in and to the following personal property:

- a) any and all assets and rights that the Borrower may have or acquire under the Distribution Agreement between PERFECTION BAKERIES, INC., and Borrower and the Bill of Sale related thereto;
 - b) all accounts, accounts receivable, contract rights and chattel paper related to or arising from Borrower's business, whether now or hereafter existing or acquired;
 - c) all equipment, inventory, goods, property, customer lists, and general intangibles related to or arising from Borrower's business, whether now or hereafter existing or acquired and wherever located;
 - d) any and all accessions, replacements and additions to or of the foregoing; and
 - e) all cash or non-cash proceeds (including insurance proceeds) of the foregoing,
- the items described in a), b), c), d) and e) above being hereinafter collectively referred to as the "Collateral".

2. THE OBLIGATIONS: The Obligations secured hereby shall be:

- a) the outstanding principal of, and all interest on the Promissory Note dated on or about the date of this Agreement in the original principal amount of **PURCHASE PRICE DOLLARS (\$____.00)** made by Borrower payable to Secured Party, and any renewal, extension or refinancing thereof (the "Note"); and
- b) all debts, liabilities, obligations, covenants and agreements of the Borrower contained in this Agreement.

3. BORROWER COVENANTS: Borrower covenants and agrees as follows:

- a) to execute all proper financing statements for filing;

- b) to promptly notify Secured Party in writing of any change in address other than that as set forth above;
 - c) to pay and perform all of the Obligations secured by this Agreement according to its terms;
 - d) to maintain good and marketable title to all Collateral free and clear of all liens, security interests and encumbrances and to defend the title to the Collateral against all persons and against all claims and demands whatsoever. Borrower will not, without Secured Party's prior written consent, sell, lease or dispose of any of the Collateral (other than inventory, which may be sold, leased, or otherwise disposed of in the ordinary course of business);
 - e) to submit to Secured Party, in form satisfactory to Secured Party, quarterly business financial statements, within 30 days of the close of each calendar quarter, and annual tax returns within 30 days of the date on which they are due, as legally extended;
 - f) to obtain and maintain, at Borrower's expense, throughout the term of this Agreement, minimum levels of occurrence form insurance coverage with a reputable and established insurance company, acceptable to Secured Party, in such amounts as may from time to time be reasonably required by the Secured Party, which as of the date of execution of this Agreement are as follows:
 - (i) Comprehensive general liability insurance, including product liability (to include broad form contractual liability coverage) with \$2,000,000 combined single limits;
 - (ii) Automobile liability insurance with minimum limits of \$2,000,000 combined single limits, on all vehicle(s) used in Borrower's business;
 - (iii) Collision and Comprehensive damage coverage for the actual cash value which shall also cover Borrower's computer with a deductible no greater than \$500 and all vehicle(s) used in Borrower's business;
- In the event a substitute vehicle is used by Borrower coverage must automatically apply to the substitute vehicle. In addition, the Distributor must carry policies or riders providing cargo insurance in an amount of not less than \$2,000, and Inland Marine coverage of not less than \$5,000. In the event equipment to be insured exceeds the value of \$5,000.00, additional Inland Marine coverage must be purchased. The insurance contemplated shall be in a form acceptable to Secured Party, shall name Secured Party as an additional insured thereof and as a loss payee on any collision or comprehensive damage policy on any physical assets on which Secured Party has a lien and provide that Secured Party shall be given 30 days advance written notice of material changes or cancellation of such coverage(s). A certificate indicating that the foregoing coverages are in effect, and primary over any other applicable insurance which may be in existence, shall be delivered to Secured Party upon request;
- g) to maintain the Collateral in good condition and repair and working order; and

- f) to timely pay all property and other taxes or government charges imposed upon Collateral.

4. DEFAULT:

The following shall constitute a default by the Borrower:

- a) Borrower's failure to pay to Secured Party when due any obligation secured by this Agreement;
- b) Borrower's failure to comply with or perform any provisions or covenants of this Agreement or any other agreement between Borrower and Secured Party, including Borrower's failure to maintain the insurance required in Article 3 above;
- c) any expiration, cancellation or termination of the Distribution Agreement executed between Borrower and PERFECTION BAKERIES, INC.;
- d) the death of Borrower;
- e) failure to submit to Secured Party, in form satisfactory to Secured Party, current personal financial information, as requested by Secured Party, current quarterly business financial statements within 30 days of the close of each calendar quarter and annual tax returns within 30 days of the date due for filing;
- f) any reduction in the value of the Collateral, due to the fault of the Borrower, which adversely affects the likelihood of satisfaction of Borrower's obligations hereunder or under the Note;
- g) Any action or failure to act of Borrower which, in the reasonable judgment of the Secured Party, adversely affects the Collateral or the ability to satisfy any of Borrower's obligations hereunder;
- h) the creation of any lien or the issuance of an attachment against or seizure of any property of, or the entry of judgment against, the Borrower except that the Borrower may execute general liens and grant security interests to and in favor of PERFECTION BAKERIES, INC., Distribution Services of America, Inc and. B&G Leasing, Inc. for obligations other than those created hereunder;
- i) with respect to Borrower or a guarantor of Borrower's obligations hereunder: dissolution, insolvency, inability to pay debts as they mature, appointment of a receiver for any part of its/his/her property, assignment for the benefit of creditors, the commencement of any proceeding under any bankruptcy or insolvency laws;
- j) the occurrence of any material adverse change in Borrower's financial condition or means or ability to satisfy the obligations of this Agreement; or
- k) the transfer of any of the assets pledged as Collateral for this Note, without the prior written consent of the Note Holder.

5. REMEDIES:

(a) Upon any default of Borrower, all the Obligations secured by this Agreement shall immediately become due and payable in full without notice or demand and the Secured Party shall have and may exercise all the rights, remedies and privileges as are accorded to a secured party by the applicable sections of the Uniform Commercial Code in effect as of the date of this Security Agreement in the state where the collateral is located.

(b) Upon any default, the Secured Party's attorneys' fees in an amount equal to 15% of the then outstanding Obligations (but not in excess of actual reasonable attorney's fees incurred) and the legal expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising, and selling the Collateral shall be chargeable to the Borrower.

(c) In addition to any other rights Secured Party may have at law or under this Agreement, Secured Party may, at its discretion, take immediate possession of the Collateral and/or dispose of the collateral (and Borrower agrees not to resist or interfere), and apply the net proceeds of such Collateral to the Obligations secured hereunder.

Secured Party will give Borrower reasonable notice of either: (i) the time and place of any intended public sale or disposition and Borrower shall be entitled to bid or offer to buy at such time, or (ii) the time after which the collateral may be sold by private sale. The requirement of reasonable notice shall be deemed met if such notice is mailed, postage prepaid, to the address of the Borrower shown above at least ten (10) days before the time of sale or disposition.

The rights and remedies of Secured Party hereunder are cumulative and non-exclusive and the single or partial exercise of any remedy provided for herein or under the Uniform Commercial Code shall not preclude any further exercise thereof or be construed as a waiver of any other remedy.

6. GENERAL PROVISIONS:

(a) Waiver of any default shall not be considered to constitute a waiver of any subsequent default.

(b) This Agreement shall be governed by the laws of the State of Indiana, without respect to choice of law rules. Any provision declared invalid under any law shall not invalidate any other provision of this Agreement.

(c) This Agreement shall bind and inure to the benefit of the respective parties hereto and their respective legal representatives, successors and assigns.

(d) This Agreement may be changed only in a writing executed by both parties.

(e) The security interests created by this Agreement are intended to attach (i) to existing Collateral when the Borrower signs this Agreement, and (ii) to Collateral subsequently acquired by the Borrower, immediately upon the Distributor acquiring any rights in such Collateral. The parties do not intend to postpone the attachment of any security interest created by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

**FIRST CAPITAL
ACCEPTANCE CORP.**

By:_____

DISTRIBUTOR'S CORPORATION

By:_____
President

Exhibit B(3)
Financing Documents with First Capital Acceptance Corp.
UCC-1 (Representative Sample)

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)	
B. SEND ACKNOWLEDGEMENT TO: (Name and Address)	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
DISTRIBUTOR CORPORATION				
OR	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
		ANY	BREAD	
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
1d. TAX ID #: SSN OR EIN		1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
1 2 3 4 5 6 7 8 9		Corporation	TEXAS	
ORGANIZATION DEBTOR				☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
2d. TAX ID #: SSN OR EIN		2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
ORGANIZATION DEBTOR				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME				
FIRST CAPITAL ACCEPTANCE CORP..				
OR	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
				USA

4. This FINANCING STATEMENT covers the following collateral:

The Distribution Rights granted to Debtor pursuant to that certain Bill of Sale and that certain Distribution Agreement, each dated as of _____, 20____, by and between Debtor and Perfection Bakeries, Inc. (as hereafter amended, modified or supplemented, the "Distribution Agreements"), together with other assets used by the Debtor in the operation of his/her business;

- a) all equipment, inventory, good, property, contract rights, and general intangibles related to or arising from Borrower's business, whether now or hereafter existing or acquired and wherever located;
- b) any and all accessions, replacements and additions to or of the foregoing; and
- c) all cash or non-cash proceeds (including insurance proceeds) of the foregoing.

5. ALTERNATIVE DESIGNATION	☐ LESSEE/LESSOR	☐ CONSIGNEE/CONSIGNOR	☐ BAILEE/BAILOR	☐ SELLER/BUYER	☐ AG. LEIN	☐ NON- UCC FILING	
6.	This FINANCING STATEMENT is to be filed (for record) or recorded in the REAL ESTATE RECORDS Attach addendum (if applicable)		7. Check to REQUEST REPORTS(S) on Debtor(s) (ADDITIONAL FEE) (optional)		☐ All Debtors	☐ Debtor 1	☐ Debtor 2
8. OPTIONAL FILER REFERENCE DATA							

Exhibit B(4)
Financing Documents with First Capital Acceptance Corp.
Purchase of Receivables

**PERFECTION BAKERIES, INC.
PURCHASE OF RECEIVABLES**

I, [DISTRIBUTOR'S NAME], president of [DISTRIBUTOR'S CORPORATION], hereby sell, assign and transfer to PERFECTION BAKERIES, INC., ("AUNT MILLIE'S") all of my right, title and interest in and to all my properly filled out and executed charge slips, all existing and future Accounts arising from the sale of Products to Chains or Outlets in the Sales Area and all proceeds thereof, at their face value, net of all discounts, free and clear of all liens, security agreements and encumbrances, other than in favor of AUNT MILLIE's. If any Chain elects to settle with me on the basis of scan results, rather than charge slips, the credit to me shall be adjusted for any difference between the charge slip and the actual sales reflected by the scan sale data. I further authorize AUNT MILLIE's to deduct each week from monies it owes me as a result of its purchase from me of certain accounts receivable, the following:

PLEASE INITIAL APPLICABLE BOXES:

☐	☐	An amount sufficient to enable the payment, on a monthly basis, of my obligation to FIRST CAPITAL ACCEPTANCE CORP. ("FIRST CAPITAL") under that certain Promissory Note of even date relative to the financing of my Distribution Rights and related assets; and
☐	☐	
☐	☐	An amount sufficient to enable the payment, on a monthly basis, of my obligation to DISTRIBUTION SERVICES OF AMERICA, INC. ("DSA") under that certain Promissory Note of even date relative to the financing of my Distribution rights and working capital loan; and
☐	☐	
☐	☐	An amount sufficient to enable the payment, on a monthly basis, of my vehicle lease payment obligation to _____ pursuant to the Vehicle Lease Agreement previously executed by me.
☐	☐	
☐	☐	An amount sufficient to enable the payment, on a monthly basis, of my obligation to DSA TAX & BOOKKEEPING PROGRAM , for preparation of for Bookkeeping services and preparation of required financial statements
☐	☐	
☐	☐	An amount sufficient to enable the payment, on a monthly basis, of my obligation to ALLSTATE INSURANCE COMPANY for the purchase of the insurance I am required to maintain pursuant to the First Capital Acceptance Financing Security Agreement.
☐	☐	
☐	☐	An amount sufficient to enable the payment, on a monthly basis, of my obligation to CHRISTINE & MULLEN INSURANCE GROUP for the purchase of the insurance I am required to maintain pursuant to the First Capital Acceptance Financing Security Agreement.
☐	☐	
☐	☐	An amount sufficient to enable the payment, on a monthly basis, of my obligation to _____ for the following Optional Programs. Elected Optional programs:

I understand that **AUNT MILLIE'S** is not obligated to make such deductions nor to pay any referenced obligations and shall have no obligation in connection with this authorization except to account to me for monies actually deducted.

I further understand that the authorization to deduct for the loans and lease is a condition of Lenders' and Lessor's consents to make the loans and lease and may not be terminated, but that the authorization to deduct for bookkeeping and insurance payments is optional and may be terminated at any time on 30 days written notice.

Effective Date: _____, _____

DISTRIBUTOR'S CORPORATION

By: _____
President

Exhibit C

Distribution Agreement

PERFECTION BAKERIES, INC.
DISTRIBUTION AGREEMENT

T HIS DISTRIBUTION AGREEMENT is made effective _____, 20__ by and between PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S, an Indiana business corporation with its principal offices at 350 Pearl Street, Fort Wayne, Indiana 46802 (herein referred to as "AUNT MILLIE'S") and [DISTRIBUTOR'S CORPORATE NAME], residing at [DISTRIBUTOR'S ADDRESS], (herein referred to as "DISTRIBUTOR").

W I T N E S S E T H :

WHEREAS, AUNT MILLIE'S has heretofore developed and/or acquired the exclusive rights to distribute and sell various fresh baked products throughout a large part of the United States; and

WHEREAS, DISTRIBUTOR has the ability and experience necessary to sell and distribute Products successfully within a specific geographic area; and

WHEREAS, DISTRIBUTOR has purchased from DISTRIBUTOR'S predecessor or AUNT MILLIE'S the Distribution Rights in the Sales Area hereinafter described; and

WHEREAS, the parties desire to enter into a written agreement describing and setting forth the terms and conditions under which they will do business with each other;

NOW THEREFORE, in consideration of the premises, covenants and conditions set forth herein, and for other good and valuable consideration given and received, the parties mutually agree as follows:

ARTICLE 1

DEFINITIONS

- §1.1 SALES AREA:** Shall mean that geographic area within which DISTRIBUTOR owns the Distribution Rights, as more specifically described in Schedule A attached hereto and made a part hereof.
- §1.2 OUTLETS:** Shall mean those Outlets in which DISTRIBUTOR owns the Distribution Rights, as more specifically described in Schedule B.
- §1.3 PRODUCTS:** Shall mean all those bakery products as specifically defined and described in Schedule B attached hereto and made a part hereof.
- §1.4 DIRECT STORE DELIVERY:** Shall mean DISTRIBUTOR's physical delivery and/or merchandising of Products ordered by an Outlet to the place of business where the Outlet (i) sells merchandise, including Products, to the public, or (ii) sells food that include Products for use and consumption by its customers. For purposes of this paragraph, the term "merchandising" means managing and maintaining inventory levels of the Product for the Outlet and removing stale Products from the inventory of an Outlet.
- §1.5 DISTRIBUTION RIGHTS:** Shall mean the sole right to sell and distribute Products to Outlets in the Sales Area by Direct Store Delivery, which right has been purchased by DISTRIBUTOR from AUNT MILLIE'S, or from DISTRIBUTOR'S predecessor, as evidenced by a Bill of Sale executed heretofore.
- §1.6 CHAIN:** Shall mean a person or business entity that operates more than one Outlet, and makes decisions regarding the purchase of Products for its Outlets at a central office.
- §1.7 FORCE MAJEURE:** Shall mean an Act of God, war, fire, explosion, riot, looting, terrorism, civil commotion, failure of machinery or plant, restrictions by a Government or any competent authority, strikes or lock-outs at either party's premises

or in any related trade or business, or any other similar circumstances of whatsoever kind beyond the control of the party affected, which affects either party's performance of its obligations under this Agreement.

ARTICLE 2 **RELATIONSHIP**

- §2.1 EXTENT AND DURATION:** AUNT MILLIE'S hereby recognizes DISTRIBUTOR'S ownership of the Distribution Rights, which ownership will continue until the Distribution Rights are sold or transferred as provided herein.
- §2.2 TERMINATION OF THIS AGREEMENT:** The parties agree that the Distribution Rights must be exercised in compliance with the terms of this Agreement, and that any termination of this Agreement requires DISTRIBUTOR, or AUNT MILLIE'S for the account of DISTRIBUTOR, to sell such Distribution Rights as provided herein.
- §2.3 INDEPENDENT CONTRACTORS:** The parties intend to create an independent contractor relationship and it is of the essence of this Agreement that DISTRIBUTOR be an independent contractor for all purposes and DISTRIBUTOR shall only identify himself as such in all third party dealings. Any contrary final determination by any board, tribunal or court of competent jurisdiction shall require the amendment of this Agreement in any way necessary to establish an independent contractor relationship. As an independent contractor, DISTRIBUTOR has the right to operate the business as DISTRIBUTOR chooses, and shall bear all risks and costs of operating such business. DISTRIBUTOR has no authority to retain any person on behalf of AUNT MILLIE'S. It is expressly understood that DISTRIBUTOR has no claim, or right under any circumstances, to any benefits or other compensation currently paid by AUNT MILLIE'S to employees, or hereafter declared by AUNT MILLIE'S for the benefit of employees. No fiduciary relationship exists between the parties.

ARTICLE 3
SALE OF PRODUCTS

§3.1 **TITLE**: All Products will be sold to DISTRIBUTOR absolutely, and title to and risk of loss of, the Products shall pass to DISTRIBUTOR upon delivery in accordance with §3.2 below.

§3.2 **DELIVERY**: Except as otherwise provided herein, AUNT MILLIE'S agrees to sell and deliver to DISTRIBUTOR, and DISTRIBUTOR agrees to buy and accept, at such location as AUNT MILLIE'S may from time to time reasonably designate or approve, sufficient quantities of the Products to adequately and properly supply the Outlets in the Sales Area. AUNT MILLIE'S agrees to use commercially reasonable efforts to fill DISTRIBUTOR'S orders in a reasonable and timely fashion. In case of strike, shortage of materials, breakdown or other cause, AUNT MILLIE'S reserves the right to fill orders on such reasonable basis as circumstances then permit. AUNT MILLIE'S and DISTRIBUTOR recognize that cuts and pluses and, on rare occasions, cancellations of deliveries, in whole or in part, are an unavoidable aspect of fresh baked goods production. In the event of pluses, DISTRIBUTOR agrees to use best efforts to effect the sale of the additional product.

AUNT MILLIE'S further agrees to repurchase at DISTRIBUTOR'S cost, and give full credit for, any damaged or off code Product which is not damaged or off code by reason of DISTRIBUTOR'S negligence, and which has been promptly returned to a reasonable location designated by AUNT MILLIE'S in accordance with AUNT MILLIE'S' then current stale and damage repurchase policy. AUNT MILLIE'S reserves the right to make reasonable amendments to such stale and damage repurchase policy from time to time.

§3.3 TERMS: Products will be sold to DISTRIBUTOR on terms and prices established by AUNT MILLIE'S from time to time.

§3.4 SETTLEMENT OF ACCOUNT: On or before Friday of each week, the parties agree to settle their accounts for all Products delivered to DISTRIBUTOR during the preceding week, acknowledging DISTRIBUTOR'S credit for any off code or damaged Products repurchased in accordance with §3.2 above, and receivables purchased pursuant to §3.5, below. The profit margins on the Products sold by DISTRIBUTOR will be established by AUNT MILLIE's and are subject to change at any time.. DISTRIBUTOR agrees that Non-Recurring Charges noted on Form IO13 attached to this Agreement as Schedule "C" will be assessed and deducted from the weekly settlement, whether or not DISTRIBUTOR signs said form. DISTRIBUTOR acknowledges and agrees that the charges on Schedule C" (Form IO13) are subject to change by AUNT MILLIE's at any time.

§3.5 PURCHASE OF RECEIVABLES: AUNT MILLIE'S shall purchase from DISTRIBUTOR, and the DISTRIBUTOR HEREBY sells, assigns and transfers to AUNT MILLIE'S, all of DISTRIBUTOR'S right, title and interest in and to all of DISTRIBUTOR'S properly filled out and executed charge slips, all existing and future Accounts arising from the sale of Products to Chains or Outlets in the Sales Area and all proceeds thereof from the DISTRIBUTOR, at their face value, net of all discounts, free and clear of all liens, security agreements and encumbrances, other than in favor of, or permitted (in writing) by, AUNT MILLIE'S and its principal lender. AUNT MILLIE'S shall credit DISTRIBUTOR'S account therefor. DISTRIBUTOR shall promptly remit all such slips to AUNT MILLIE'S. If any Chain elects to settle with DISTRIBUTOR on the basis of scan results, rather than charge slips, the credit to DISTRIBUTOR shall be adjusted for any difference between the charge slip and the actual sales reflected by the scan sale data. The foregoing sale and purchase shall continue until termination of this Distribution Agreement, or until DISTRIBUTOR gives written notice of the termination of the foregoing sale to AUNT MILLIE'S, or, with respect to specific Accounts only, AUNT MILLIE'S gives notice that such Account's Chain's or Outlet's credit has not been approved by AUNT MILLIE'S. For purposes of this Section 3.5, "Accounts" shall

mean accounts as defined in the Uniform Commercial Code as in effect in the state of organization of Distributor.

§3.6 PROMOTION PARTICIPATION PROGRAM: In cases where DISTRIBUTOR wishes to sell Products to Outlets at prices which are less than those reflected on AUNT MILLIE'S' then current Suggested Price List, and AUNT MILLIE'S, at the DISTRIBUTOR'S request, agrees to participate in such promotion or discount price, AUNT MILLIE'S will contribute to the promotion or discount in accordance with its Promotion Participation Policy as amended from time to time.

§3.7 SECURITY INTEREST: To secure the payment of any indebtedness or liability of DISTRIBUTOR to AUNT MILLIE'S, now or hereafter arising, pursuant to this Agreement or otherwise, DISTRIBUTOR hereby grants and conveys to AUNT MILLIE'S a continuing and general security interest in the Distribution Rights, all other assets used in connection with the exercise and operation of the Distribution Rights, all rights hereunder and all Products and receivables of the DISTRIBUTOR, and grants to AUNT MILLIE'S the rights of a secured party. DISTRIBUTOR agrees to execute the AUNT MILLIE'S Security Agreement and financing statement(s) to evidence such security interest. Any default under the AUNT MILLIE'S Security Agreement by DISTRIBUTOR shall be a default under this Agreement.

§3.8 DEFAULT: Nothing herein shall be deemed to require AUNT MILLIE'S to fill an order of DISTRIBUTOR during any time when DISTRIBUTOR is in default of any payment or other obligation to AUNT MILLIE'S.

ARTICLE 4 **DISTRIBUTOR'S OBLIGATIONS**

§4.1 RESULTS: DISTRIBUTOR agrees to use its best efforts to develop and maximize sales of Products to Outlets within the Sales Area, by maintaining an adequate and fresh supply of Products in all Outlets; rotating Products to promote their sale before

they become stale or off code; promptly removing all stale or off code Products; cooperating with AUNT MILLIE'S' marketing programs, maintaining a computer assisted record-keeping system compatible with the system maintained by AUNT MILLIE'S now or in the future; and providing service on a basis consistent with good industry practice to all Outlets in the Sales Area requesting service. Distributor is not required to service any Outlet that has proven consistently to be unprofitable, provided that where a Chain requires that such an Outlet be served as a condition for serving its other outlets, the profitability of any Outlet which is part of that Chain shall be judged on the basis of the profitability of the Chain as a whole. Nothing herein shall be deemed to prohibit DISTRIBUTOR from carrying and distributing merchandise for other companies or otherwise engaging in any other business activity, unless and except to the extent that such other merchandise is competitive with products distributed by AUNT MILLIE'S, or could contaminate the Products, or such other business activity is inconsistent with or interferes with the obligations of the DISTRIBUTOR hereunder.

§4.2 COMPLIANCE: DISTRIBUTOR shall operate the business in compliance with all federal, state and local laws, rules and regulations.

§4.3 PERFORMANCE BY DISTRIBUTOR: DISTRIBUTOR shall be free to engage such persons as DISTRIBUTOR deems appropriate to discharge or assist in discharging DISTRIBUTOR'S responsibilities hereunder. DISTRIBUTOR shall have the exclusive right to select, fix the compensation of, discharge and otherwise to manage, supervise and control all persons engaged by DISTRIBUTOR and shall, with respect to all such persons, perform all obligations and discharge all liabilities imposed upon DISTRIBUTOR under all government laws, rules or regulations ("Laws"), whether such Laws relate to labor, employment standards, worker's compensation, unemployment insurance, pay equity or any other governmental requirement; file all required tax information and reports and pay and/or withhold all

applicable payroll-related taxes with respect to any employees of DISTRIBUTOR. DISTRIBUTOR in all events shall be and remain responsible for insuring that all persons engaged by DISTRIBUTOR comply fully with all the terms and conditions of this Agreement. Any breach of this Agreement by any person engaged by DISTRIBUTOR shall be deemed to be a breach by DISTRIBUTOR.

§4.4 NON-COMPLIANCE: Failure to carry out the obligations listed in this Article or elsewhere in this Agreement shall be considered a breach of this Agreement and shall entitle AUNT MILLIE'S to terminate this Agreement as more specifically set forth in Article 9 hereof, except that DISTRIBUTOR shall not be responsible for failures caused by Force Majeure; provided, however, that an event of Force Majeure shall not excuse DISTRIBUTOR from any obligations to pay for Products pursuant to Article 3.

ARTICLE 5 **AUNT MILLIE'S OBLIGATIONS**

§5.1 DELIVERY AND COOPERATION: AUNT MILLIE'S shall use its best efforts to deliver to DISTRIBUTOR sufficient quantities of the Products to supply Outlets requesting service in the Sales Area, to assist in the development of new Outlets, to pursue the development of new Products, to preserve and develop the quality and marketability of the Products, and to assist and cooperate with DISTRIBUTOR'S sales efforts, except that AUNT MILLIE'S shall not be responsible for failures caused by Force Majeure.

§5.2 SALES TO CHAINS: In order to enable DISTRIBUTOR to pursue business opportunities with Chains, which may require standard terms for all its outlets, AUNT MILLIE'S agrees to assist DISTRIBUTOR to from time to time arrange Chain account programs, promotions, delivery authorizations and purchasing and billing

terms for the sale of Products to Outlets of a Chain within DISTRIBUTOR's Sales Area. Nothing herein shall be deemed to authorize AUNT MILLIE'S as DISTRIBUTOR's agent or to create an agency relationship. DISTRIBUTOR is not obligated to accept or continue use of AUNT MILLIE'S assistance and may at any time make its own arrangements for terms and prices to its Outlets. Nothing herein shall require either party to pay slotting allowances or other similar fees or charges imposed by the Chains.

ARTICLE 6 **CONFIDENTIALITY**

§6.1 CONFIDENTIAL INFORMATION. As a result of this Agreement, DISTRIBUTOR may have access to or obtain certain information not available to the general public regarding AUNT MILLIE'S business ("Confidential Information"). DISTRIBUTOR acknowledges that the Confidential Information constitutes valuable trade secrets to AUNT MILLIE'S and DISTRIBUTOR agrees that it shall use AUNT MILLIE'S Confidential Information solely in accordance with the provisions of this Agreement and it will not disclose, or permit the disclosure of same, directly or indirectly, to any third party without AUNT MILLIE'S prior written consent. DISTRIBUTOR agrees to exercise due care in protecting the Confidential Information from unauthorized use and disclosure. However, DISTRIBUTOR has no responsibility for safeguarding any information that it can document in writing (i) is in the public domain through no fault of its own, (ii) was properly known to it, without restriction, prior to disclosure by AUNT MILLIE'S, (iii) was properly disclosed to it, without restriction, by another person with the legal authority to do so, (iv) is independently developed by DISTRIBUTOR without use or reference to AUNT MILLIE'S proprietary information or (v) is required to be disclosed pursuant to a

judicial or legislative order or proceeding; provided that, to the extent permitted by and practical under the circumstances, DISTRIBUTOR provides to AUNT MILLIE'S prior notice of the intended disclosure and an opportunity to respond or object to the disclosure or if prior notice is not permitted or practical under the circumstances, prompt notice of such disclosure.

§6.2 INJUNCTIVE RELIEF. In the event of actual or threatened breach of the provisions of this Article 6, AUNT MILLIE'S will be entitled to immediate injunctive and other equitable relief, without bond and without the necessity of showing actual damage.

ARTICLE 7 **TRANSFER OF RIGHTS**

§7.1 CONDITIONS OF ASSIGNABILITY: The Distribution Rights are owned by the DISTRIBUTOR and may be sold or otherwise transferred in whole or in part by DISTRIBUTOR, provided that any such sale or transfer shall be subject to: (a) the prior written approval of AUNT MILLIE'S, which approval will not be unreasonably withheld; and (b) a right of first refusal on the part of AUNT MILLIE'S at the same terms and conditions offered to DISTRIBUTOR (the "Offer") by a bona fide purchaser or transferee (the "Offeror"). The right of approval and right of refusal referred to herein shall expire unless DISTRIBUTOR is notified by AUNT MILLIE'S that it does not approve the Offeror or that it wishes to exercise its right of first refusal by notice given within ten (10) business days after the last to occur of the following:

- i. receipt by AUNT MILLIE'S of written notice of intent to sell or transfer to a named Offeror on terms and conditions fully set forth in such notice; and
- ii. a personal interview of the Offeror's controlling shareholder by a designated AUNT MILLIE'S representative; and

iii. receipt by AUNT MILLIE'S of the Offeror's and Offeror's controlling shareholder's current financial statements and such additional information as is relevant concerning the Offeror's and Offeror's controlling shareholder's financial condition, health, credit, driving record, and other matters reasonably appropriate to AUNT MILLIE'S' determination. If the contemplated sale or transfer is not a bona fide transfer for value, the price to be paid by AUNT MILLIE'S shall be the fair market value of the Distribution Rights at the time of receipt of such notice of intent. If AUNT MILLIE'S right of approval and right of first refusal expire as provided above DISTRIBUTOR may consummate the transfer to the Offeror on the terms of the Offer.

§7.2 SALE OF STOCK: The transfer of a controlling interest in Distributor shall be deemed a transfer of the Distribution Rights and shall be subject to all of the terms and conditions of this Article 7.

§7.3 PROCEEDS: Any sale shall be for the account of DISTRIBUTOR, and the proceeds of the sale, after deducting therefrom any monies owed by DISTRIBUTOR to AUNT MILLIE'S, a reasonable reserve against open accounts, all reasonable costs and expenses in connection with the sale (including without limitation the cost of removing any off code or damaged Products in DISTRIBUTOR'S Sales Area) and the satisfying of any outstanding debts, liens, security interests, legal fees and similar expenses, shall be turned over to DISTRIBUTOR.

§7.4 TRANSFER DOCUMENTS: In the event of a sale or transfer by or for the account of DISTRIBUTOR as described in this Article 7, DISTRIBUTOR shall execute an appropriate bill of sale to the purchaser, and a general release terminating, canceling and surrendering DISTRIBUTOR'S rights under this Agreement and releasing any and all claims against AUNT MILLIE'S and its officers, directors, shareholders, employees, successors and assigns arising under or out of this Agreement, and AUNT

MILLIE'S shall execute a new Distribution Agreement with the purchaser in the form of agreement then being used by AUNT MILLIE'S.

§7.5 PAYMENT OF FEE: In the event of a sale or transfer by DISTRIBUTOR, or by AUNT MILLIE'S for the account of DISTRIBUTOR, of all or any portion of the Distribution Rights, DISTRIBUTOR shall pay a Transfer Fee to AUNT MILLIE'S in an amount equal to TWO PERCENT (2%) of the sales price, in full consideration for the administrative activities undertaken by AUNT MILLIE'S in connection therewith.

§7.6 EQUITY PAYMENT SCHEDULE: In the event of a sale or transfer by DISTRIBUTOR, where DISTRIBUTOR has equity in its Distribution Rights (where the value of DISTRIBUTOR's Distribution Rights and/or DISTRIBUTOR's routes sold or transferred exceeds the balance due from DISTRIBUTOR under any promissory notes to AUNT MILLIE's or to any third party), the equity will be paid to DISTRIBUTOR according to the payment schedule set forth on Schedule "D."

ARTICLE 8

SERVICE FAILURES AND CHANGES

§§8.1 TEMPORARY SERVICE BY AUNT MILLIE'S : If DISTRIBUTOR is not able to or does not perform the obligations imposed by this Agreement, DISTRIBUTOR shall make other adequate provision for such performance at its expense. If no such provision is made, AUNT MILLIE'S, within the limits of its ability to do so, may make arrangements to have these obligations performed for the account of DISTRIBUTOR, charging to DISTRIBUTOR the reasonable expenses of such performance. Such temporary performance shall not relieve DISTRIBUTOR of any of the obligations imposed by this Agreement, constitute an assumption by AUNT MILLIE'S of any obligations of DISTRIBUTOR, nor act to cure any default that may exist on the part of DISTRIBUTOR by reason of such non performance.

§8.2 CHANGE IN DELIVERY METHOD: In the event any Outlet makes the determination to require delivery or merchandising of the Products by any method other than Direct Store Delivery, and so informs AUNT MILLIE'S or DISTRIBUTOR, AUNT MILLIE'S shall thereafter be permitted to sell Products directly to such Outlet, which action shall not be deemed to violate DISTRIBUTOR'S rights hereunder and DISTRIBUTOR shall not be entitled to any proceeds derived from such service by AUNT MILLIE'S. For example, if an Outlet desires to merchandise Products itself or through a third party other than DISTRIBUTOR for any reason and so informs AUNT MILLIE'S, it shall not be a breach of this Agreement if AUNT MILLIE'S thereafter sells Products directly to such Outlet. Further, DISTRIBUTOR shall not be entitled to any compensation from AUNT MILLIE'S in such instance. However, DISTRIBUTOR shall continue to own those Distribution Rights associated with such an Outlet. Using the previous example, if said Outlet desires to reinstate merchandising of Products through AUNT MILLIE'S, then DISTRIBUTOR shall have the exclusive right to provide those services on AUNT MILLIE'S behalf to such Outlet.

ARTICLE 9

TERMINATION

§9.1 BREACH: Except as set forth in this Article, or upon the sale or transfer of all of the DISTRIBUTOR'S Distribution Rights, this Agreement shall not be terminated or canceled, provided DISTRIBUTOR carries out the terms hereof. In the event DISTRIBUTOR breaches any obligations or covenants under this Agreement, AUNT MILLIE'S may terminate the Agreement as set forth below.

§9.2 NON-CURABLE BREACH: If the breach by DISTRIBUTOR involves criminal activity, threatens public health or safety, constitutes an abandonment of any portion

the Sales Area, or threatens to do significant harm to AUNT MILLIE'S, its trademarks or commercial reputation, AUNT MILLIE'S may terminate this Agreement immediately upon written notice and DISTRIBUTOR shall have no right to cure.

§9.3 CURABLE BREACH: A breach of this Agreement or a breach of any agreement with any Affiliate of AUNT MILLIE'S, other than a breach under Section 9.2, AUNT MILLIE'S shall give DISTRIBUTOR three (3) business days written notice within which DISTRIBUTOR may cure the breach. "Affiliate" of AUNT MILLIE'S shall include any company which has common ownership with AUNT MILLIE'S and which provides goods and services, including financing services, to DISTRIBUTOR. If DISTRIBUTOR fails to cure such breach within said three (3) business day period, AUNT MILLIE'S may thereafter terminate this Agreement and DISTRIBUTOR shall have no further right to cure; provided, further, that the parties agree that repeated violations constitute a chronic breach and threaten significant harm to AUNT MILLIE'S, its trademarks or commercial reputation, and in such event AUNT MILLIE'S shall be entitled to terminate this Agreement pursuant to Section 9.2 and DISTRIBUTOR shall have no further right to cure.

§9.4 ACTIONS FOLLOWING TERMINATION: Termination under either Section 9.2 or Section 9.3 above, shall entitle AUNT MILLIE'S to operate the business for the account of the DISTRIBUTOR, deducting from the revenues generated the reasonable expenses of such performance and delivering the balance, if any, to DISTRIBUTOR. Termination shall require DISTRIBUTOR to sell the Distribution Rights, and in the event that DISTRIBUTOR has not consummated a sale to a qualified purchaser within 90 days of the date of termination, AUNT MILLIE'S shall be authorized to sell DISTRIBUTOR'S Distribution Rights to such a purchaser at the best price which can be obtained after proper notice and advertisement. Said sale shall be for the account of the DISTRIBUTOR, and the provisions of Sections 7.3, 7.4 and 7.5 hereof shall apply.

ARTICLE 10
TRADEMARKS, TRADE NAMES
AND COMPUTER SOFTWARE USAGE

§10.1 PERMISSION FOR USE: Subject to the terms of this Agreement, AUNT MILLIE’S hereby grants to DISTRIBUTOR a limited, non transferable (except as provided pursuant to the assignability provisions of Article 7 of this agreement), non-exclusive right, in the Sales Area only, to use the trademarks set forth on Schedule B and any other trademarks, trade names or graphical designations on the packaging of the products supplied by AUNT MILLIE’S to DISTRIBUTOR hereunder (the “Marks”), solely to identify the Products and to identify DISTRIBUTOR as a distributor of the Products. Other than as expressly set forth in this Agreement, Distributor is granted no rights in the Marks. Distributor agrees not to sell or distribute the Products on behalf of AUNT MILLIE’S, either directly or indirectly, outside of the Sales Area and shall take commercially reasonable steps to prevent the distribution of the Products outside of the Sales Area by its respective agents or employees. DISTRIBUTOR acknowledges that the Marks are the exclusive property of AUNT MILLIE’S, or its Affiliates, or, if applicable, the licensor(s) thereof, as the case may be (the “Owners”), and DISTRIBUTOR agrees that it will not dispute or contest the exclusive right, title and interest of the Owners in, or the validity of, any of the Marks, or assist others in doing same. DISTRIBUTOR acknowledges that it does not have, and will not acquire, any right, title or interest or any claim, monetary or otherwise, in any of the Marks or in the good will now or hereafter attaching thereto, and that all such goodwill shall inure solely to the benefit of the Owner of each Mark. DISTRIBUTOR agrees that it shall not use any of the Marks in any corporate title or trade name of any corporation, company, partnership, association, business or sole proprietorship of the

DISTRIBUTOR, or with which the DISTRIBUTOR may become affiliated or related through ownership or otherwise. DISTRIBUTOR agrees that it may only use the Marks in the manner specified in this Agreement and solely in connection with its sale, marketing and distribution of the Products. DISTRIBUTOR expressly agrees that it shall not package or distribute any other product bearing the Marks or otherwise display or use any Marks or any portion thereof or any other marks or designs confusing therewith on the packaging or labeling for any other product. DISTRIBUTOR agrees that it shall not tamper with any of the Marks or other written matter or graphical designations on the packaging of the products supplied by AUNT MILLIE'S or its Affiliates to DISTRIBUTOR hereunder and shall not otherwise modify or change the packaging thereof in any way. Any marketing or promotional material proposed to be used by DISTRIBUTOR which references or uses the Marks (other than marketing or promotional material supplied by AUNT MILLIE'S or any of the Owners) shall be submitted to AUNT MILLIE'S for approval, and said material shall not be used without the prior written consent of AUNT MILLIE'S.

DISTRIBUTOR acknowledges that the limited rights to use any particular marks as granted under this Section 10.1 shall continue only so long and to the extent that AUNT MILLIE'S holds rights to those particular Marks. Any particular Mark or Marks in which AUNT MILLIE'S loses its rights, shall be referred to hereinafter as the Terminated Marks.

§10.2 QUALITY ASSURANCES. AUNT MILLIE'S or its authorized representatives, shall have access, upon reasonable notice and during regular business hours, to the DISTRIBUTOR'S facilities in order to inspect the Products bearing the Marks and take samples of any Products, packaging wrappers, boxes, or labels being used by distributor to distribute the Products. Any deficiencies in the quality of the Product or the packaging, labels or other materials used for or on the Products shall, at AUNT

MILLIE'S option, be destroyed at the expense of the Distributor, or returned to AUNT MILLIE'S and destroyed.

§10.3 SOFTWARE ACCOUNTING SYSTEM. Subject to the terms of this Agreement, AUNT MILLIE'S grants a limited personal, non transferable (except as provided pursuant to the assignability provisions of Article 7 of this agreement), non-exclusive license to load and use the object code version of any proprietary software system and program developed by AUNT MILLIE'S for route sales accounting, as same may be amended for time to time. Distributor shall acquire no other interest or right in the software, other than this limited use and shall not attempt to modify, decompile, disassemble or otherwise reverse engineer the software or request or authorize any other person to do so for any reason whatsoever. Distributor expressly agrees that it will not transfer to any third party the subject software.

§10.4 RETURN UPON TERMINATION: Upon the termination of this Agreement or of DISTRIBUTOR'S right to use any of the Marks, DISTRIBUTOR shall immediately cease its use of the Marks (or the Terminated Marks, as the case may be), and shall not thereafter use any trademarks, trade names or other designations associated with or confusingly similar to said Marks, or make any representations, directly or indirectly, that it continues to distribute products bearing said Marks.

§10.5 ENFORCEMENT OF MARKS: DISTRIBUTOR agrees to notify AUNT MILLIE'S of any apparent infringement of or challenge to any of the Marks in the Sales Area and to fully cooperate with AUNT MILLIE'S in any legal action relating to enforcement of rights in the Marks. AUNT MILLIE'S shall have the exclusive right to control any legal action regarding enforcement of rights in the Marks and AUNT MILLIE'S will bear the cost and expense of any legal action and be entitled to any recovery associated with such legal action.

ARTICLE 11
DISPUTE RESOLUTION

§11.1 RESOLUTION OF DISPUTES: Any dispute between AUNT MILLIE’S and DISTRIBUTOR arising out of the relationship created by this Agreement shall be subject to the dispute resolution provisions set forth below. Provided however, AUNT MILLIE’s reserves the right to bring an action for injunctive relief in the event DISTRIBUTOR is in default of its obligation to pay AUNT MILLIE’s or any of its Affiliates, and/or is in violation of Sections 6 or 10.

§11.2 MEDIATION: In the event of any dispute, either party shall initiate a mediation procedure within five (5) days of the date on which facts respecting the dispute first come to such party’s attention, by submitting a written request for mediation to the Judicial Arbitration & Mediation Services, Inc. (“JAMS”) according to its procedures, or any other mediation service mutually agreed to by the parties according to such mediator’s procedures. The mediation process shall begin promptly and shall be concluded within ten (10) business days of the day the request for mediation is made, unless the parties mutually otherwise agree. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any litigation. All mediation proceedings shall take place in the county where the principal place of business of DISTRIBUTOR is located. The expenses of the mediation service shall be borne equally by both parties, and all other expenses relating to such mediation shall be borne by the party incurring them. The commencement of any dispute resolution procedure shall not act to prevent AUNT MILLIE’S from taking any action in connection with DISTRIBUTOR’s business, which may be the subject of the dispute, including the operation of DISTRIBUTOR’S route, except that AUNT MILLIE’S agrees that it will not sell, nor require

DISTRIBUTOR to sell, the Distribution Rights, as called for by Section 9.4 above, until the dispute resolution process has been concluded or the time for either party to further proceed with dispute resolution has expired.

§11.3 ARBITRATION: If the parties are unable to resolve the dispute through mediation, either party seeking relief shall file an arbitration demand within ten (10) days following the conclusion of the mediation process, which period shall constitute an agreed time limitation, and such demand shall be limited to the cause(s) of action within the scope of the mediation conducted in accordance of Section 11.2 above. Any dispute between the parties subject to this Article shall be decided by neutral, binding arbitration conducted in accordance with the Judicial Arbitration and Mediation Services, Inc. (“JAMS”). The arbitration shall be conducted by one arbitrator and shall be held in the county where the principal place of business of DISTRIBUTOR is then located. The arbitrator shall apply the substantive law specified in Section 12.8 of this Agreement, except that with respect to arbitration matters, the provisions of the Federal Arbitration Act shall be controlling. Judgment upon the award rendered by the arbitrator shall be final and binding and may be entered in any court having jurisdiction thereof.

§11.4 BUSINESS JUDGMENT: The parties hereto recognize, and any mediator, arbitrator or judge is affirmatively advised, that this Agreement reserves to AUNT MILLIE’S the right to take (or refrain from taking) certain actions in the exercise of its business judgment based on its assessment of the overall best interests of the network and/or Distribution Program. Where such discretion has been exercised, and is supported by the reasonable business judgment of AUNT MILLIE’S, neither a mediator nor an arbitrator nor a judge shall substitute his or her judgment for the judgment so exercised by AUNT MILLIE’S .

§11.5 DAMAGES AND LIMITATION OF AWARDS: IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL,

INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES AND ALL CLAIMS TO SUCH DAMAGES ARE HEREBY WAIVED.

AUNT MILLIE'S and DISTRIBUTOR agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, except in accordance with the provisions hereof, and unless the proceeding is brought within the time periods set forth.

§11.6 ATTORNEY'S FEES. Except as specifically provided in Section 11.2, the prevailing party in any arbitration or other action to enforce this Agreement will be entitled to recover its attorney's fees, expert fees, costs and expenses in connection with such action.

§11.7 INDIVIDUAL ACTIONS. The parties agree that any proceedings to resolve or litigate any dispute in arbitration or in court, or otherwise will be conducted solely on an individual basis, and that neither DISTRIBUTOR nor AUNT MILLIE'S will seek to have any dispute heard as a class action, a representative action, a collective action, a private attorney-general action or in any proceeding in which DISTRIBUTOR or AUNT MILLIE'S acts or proposes to act in a representative capacity. The parties agree that no arbitration or proceeding will be joined, consolidated or combined with another arbitration or proceeding without prior written consent of both DISTRIBUTOR and AUNT MILLIE'S and all parties to any such arbitration or proceeding.

ARTICLE 12 **MISCELLANEOUS**

§12.1 NOTICES: Any notice required or permitted under this Agreement shall be deemed properly given when personally received, or one (1) day after delivery to an overnight courier service for first day delivery, or five (5) days after deposit in the mails, return

receipt requested, first class postage pre-paid. All notices shall be addressed to DISTRIBUTOR at the address stated above and to AUNT MILLIE'S, at the address indicated in Schedule B attached hereto. Either party may designate another address for receipt of notices by written notice duly given in accordance with this Section 12.1.

§12.2 SURVIVAL, BINDING AGREEMENT, AUNT MILLIE'S AFFILIATES: The obligations of DISTRIBUTOR shall survive the termination of this Agreement. This Agreement shall be binding upon heirs, personal representatives, successors or assigns of the parties hereto. The parties recognize and agree that any obligations of AUNT MILLIE'S hereunder may from time to time be undertaken by Affiliates of AUNT MILLIE'S, but AUNT MILLIE'S shall remain responsible therefore. This Agreement is assignable by AUNT MILLIE'S.

§12.3 INCORPORATION BY REFERENCE: This Agreement is subject to and affected by the terms and conditions of a certain Bill of Sale executed immediately prior hereto and said Bill of Sale and the Schedules thereto, are incorporated herein by reference as though fully set forth in this Agreement.

§12.4 ENTIRE AGREEMENT: This Agreement, together with the Bill of Sale referred to in Section 12.3 above and any other agreements executed between the parties on even date herewith, sets forth the entire agreement between the parties and supersedes all prior agreements, discussions, negotiations, understandings, representations, conditions, warranties and covenants between them with respect to this subject matter. This Agreement may be amended or modified only by a writing signed by both parties. Notwithstanding the foregoing, nothing in this Distribution Agreement and any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

§12.5 INDEMNIFICATION: Each party hereby agrees to defend, indemnify and hold the other harmless against a third party as to any costs, charges or claims including, without limitation, reasonable attorneys' fees, expert fees and costs of settlement, which may arise out of such party's direct or indirect failure to perform any obligation and/or discharge any liability arising under this Agreement or arising out of such party's negligence.

§12.6 DESIGNATION AS AGENT: DISTRIBUTOR hereby irrevocably grants AUNT MILLIE'S a limited power of attorney with full and complete authority to transfer DISTRIBUTOR'S Distribution Rights, or perform any of DISTRIBUTOR'S obligations hereunder for DISTRIBUTOR'S account in accordance with the terms of this Agreement. This appointment shall survive the death or disability of DISTRIBUTOR or the termination of this Agreement.

§12.7 ACQUISITIONS: Notwithstanding anything to the contrary contained herein, this Agreement shall not apply to any products or product lines obtained by AUNT MILLIE'S through acquisition after the date hereof.

§12.8 CONTROLLING LAW: The validity, interpretation and performance of this Agreement shall be controlled by and construed in accordance with the laws of the State of Indiana, without regard to its choice of law provisions. Provided, however, neither the Indiana Franchise Law, Ind. Code Ann. §§ 23-2-2.5-1 to 23-2-2.5-51, nor the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. §§ 23-2-2.7-1 to 23-2-2.7-7 shall apply to any matter arising under or related to this Agreement unless the jurisdictional prerequisite for application of such law is met independently of this Section 2.8.

§12.9 NECESSARY MODIFICATION: In the event any provision of this Agreement is found to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final ruling by any court, agency or tribunal possessing competent jurisdiction, this Agreement shall be deemed modified to the extent necessary

to conform with any such ruling, law or regulation. The remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

§12.10 COUNTERPARTS: This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

§12.11 TIME CALCULATION: In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays; provided, however, that if the final day of any time period falls on a Sunday, or holiday, then the final day shall be deemed to be the next day which is not a Sunday or holiday.

(Signature Page Follows)

DOCUMENT

IN WITNESS WHEREOF, AUNT MILLIE’S and DISTRIBUTOR have caused this Agreement to be duly executed as of the day and year first above written.

PERFECTION BAKERIES, INC.

(DISTRIBUTOR’S CORP)

By: _____
President

By: _____
President

PERSONAL GUARANTEE

The undersigned, as controlling shareholder of **(DISTRIBUTOR’S CORP)**, hereby unconditionally guarantees the full and complete performance by **(DISTRIBUTOR’S CORP)** of all the obligations assumed by it hereunder.

GUARANTOR

SAMPLE

**SAMPLE
SCHEDULE "A"**

SAMPLE

SALES AREA DESCRIPTION

DEPOT: COLUMBUS

SALES AREA # 1

Unless otherwise indicated, only the inside (side facing the interior of the territory) of all the city, town, county or state lines, rivers or other natural boundaries or border streets and highways is included in the Sales Area. The location of any Outlet shall be determined by its street address. There are no additions or exceptions unless noted.

- **BEGINNING AT A POINT** where I-40 intersects with Chapman Highway.
- Then proceeding east on I-40 to I-640.
- Then proceeding west on I-640 to the intersection Washington Pike.
- Then proceeding north on Washington Pike to the intersection of Murphy Road.
- Then proceeding north on Murphy Road to the intersection of Buckeye Pike.
- Then proceeding north on Buckeye Pike to the intersecting point of the Madison County line.
- Then proceeding clockwise on the Madison County line to the intersecting point of the Ohio River.
- Then proceeding west along the Ohio River to the intersecting point of Chapman Highway.
- Then proceeding north on Chapman Highway to the intersection of I-40 to the **POINT AND PLACE OF THE BEGINNING.**

Also included in this Sales Area is the entire County of Fayette

ADDITIONS:

This Sales Area also includes the Outlet(s) located at the following address now or in the future and presently known as:

Sam's Wholesale Club #8256, 301 Walker Springs Road.

EXCEPTIONS:

This Sales Area also includes the Outlet(s) located at the following address now or in the future and presently known as:

Wal-Mart SuperCenter #2065, 251 Walker Springs Road.

Food Lion # 824 4728 Centerline Dr.

Any city, town, county or other political subdivision and all lines and other boundaries (including names or routes of roads) used to define the Sales Area shall be as of the date of this Agreement. Any subsequent changes to such political subdivisions, lines and/or boundaries shall not affect the Sales Area defined as of the date of this Agreement unless such changes are adopted by DISTRIBUTOR and AUNT MILLIE's by a mutually agreed upon written amendment to this Distribution Agreement.

SAMPLE

SCHEDULE "B"

CONTRACTUAL DEFINITIONS:

Depot _____ **SALES AREA** _____

The following definitions shall apply for the purposes of this Distribution Agreement:

OUTLETS: As referred to in §1.2, Outlets shall mean all retail stores and all restaurant and institutional accounts which purchase Products by Direct Store Delivery. Outlets shall not be deemed to include, street vendors or any Outlets or parts thereof, including concessions and vending machines therein, serviced by methods other than Direct Store Delivery, or bakery thrift stores established or operated by, or contracted with AUNT MILLIE'S or its affiliates for the primary purpose of selling damaged, stale, off code products, although such bakery thrift stores may also sell any products, fresh or otherwise, which AUNT MILLIE'S or its affiliates, in their sole discretion, deem appropriate to support that purpose.

PRODUCTS: As referred to in §1.3, Products shall mean all fresh baked breads, rolls, muffins, cakes, cookies, pies, bread stuffings, packaged croutons and similar fresh baked products intended to be sold as fresh, and sold under the names and trademarks:

AUNT MILLIE'S
KOEPLINGER RECIPE

PERFECTION PASTRIES
SOFT 'N GOOD,

- together with other names and trademarks AUNT MILLIE'S may add from time to time; AUNT MILLIE'S reserves the right to add or delete any Products or Tradenames at any time due to sales, marketing or availability issues.
- together with products purchased from time to time by AUNT MILLIE'S that are compatible with the trademarked products and sold in the Sales Area so long as AUNT MILLIE'S makes those products available;
- together with any similar products manufactured and distributed by AUNT MILLIE'S in non-trade-marked wrappings or under private labels owned by third parties; provided that any such private label products shall be only purchased by Distributor and resold as approved and at prices established by the third-party owner of that label.
- together with similar fresh baked product sold under the trade names **SUNBEAM AND HILL-BILLY**, to the extent those Products are distributed in the Sales Area; except that these rights shall continue only for so long as AUNT MILLIE'S retains the franchise rights to these brand names.

Products shall not include products distributed by AUNT MILLIE'S under any other names or trademark other than those listed above or added from time to time, products intended to be sold as frozen or refrigerated, unbranded, plain wrapped, or damaged, stale, or off code products or product produced to supplement bakery thrift store inventory to facilitate a thrift recovery system.

ADDRESS FOR NOTICE: As referred to in §12.1, notices to AUNT MILLIE’S shall be addressed to

Perfection Bakeries, Inc.
350 Pearl Street
Fort Wayne, Indiana 46802

SAMPLE

DOCUMENT

SCHEDULE “C”

Independent Operator Special Charge Schedule

Special Delivery Fee:	\$60 per hour, when personnel and truck are available <i>(Special Deliveries made by Company, instances where customer demands product and I.O. cannot or will not make the delivery)</i>
Truck Drop Shipment Fee:	\$30 per hour
Short-Term Company Route Relief Fee:	\$275 per day, when personnel available
Settlement Inventory Report Failure:	\$300 per occurrence <i>(for Quarterly Inventory Settlement Only)</i>
Special and/or Short-Term Merchandising Fee:	\$40 per hour, when personnel available <i>(When Company personnel is needed to help merchandise at an I.O.'s request, or in instance where customer demands merchandising and I.O. cannot or will not provide service)</i>
Misc. Equipment:	At Current Cost <i>(Company will sell additional equipment at cost, i.e., hand carts, price guns, etc. Subject to availability)</i>
Replacement Statements:	\$1.50 each with a \$5.00 minimum charge, not to exceed an aggregate of \$65.00 per calendar year
Unfinalized Invoice Fee:	\$130 per occurrence <i>(Applicable only when an I.O. fails to finalize an invoice leading to one or more invoices being automatically voided)</i>
Other:	<i>Items such as fuel costs, truck rental, toll fees.</i>

SCHEDULE “D”

EQUITY PAYMENT SCHEDULE

The following payment schedule will apply to the payment to DISTRIBUTOR of its equity upon the sale or transfer by or for the account of DISTRIBUTOR, of DISTRIBUTOR’s Distribution Rights including its route, as described in Article 7 of the DISTRIBUTION AGREEMENT.

<u>Amount of DISTRIBUTOR’s Equity</u>	<u>Payment Time Frame</u>
<=\$10,000	30 days after closing
>\$10k, but <= \$50k	Evenly at 30, 60, 90 days starting 30 days after closing
>\$50k, but <=\$100k	Evenly at 30, 60, 90, 120, 150, 180 days starting 30 days after closing
>\$100k, but <= \$200k *	Even amount monthly over 12 months starting 30 days after closing date
> \$200k *	Even amount monthly over 24 months starting 30 days after closing date

* FCAC (First Capital Acceptance Corp.) would pay interest at current rate on line of credit but not greater than 5% annually.

Payment terms are subject to change at the determination of FCAC.

Exhibit D
Bill of Sale

PERFECTION BAKERIES, INC.
BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS THAT PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S an Indiana business corporation with its principal offices at 350 Pearl Street, Fort Wayne, Indiana 46802 (herein referred to as "AUNT MILLIE'S"), for and in consideration of the sum of **PURCHASE PRICE (\$_____)**, and for other good and valuable consideration, all to it in hand paid at or before the execution and delivery of these presents by **[DISTRIBUTOR'S CORPORATE NAME]**, residing at **[DISTRIBUTOR'S ADDRESS]**, (herein referred to as "DISTRIBUTOR"), hereby sells, transfers, conveys, assigns and delivers to DISTRIBUTOR, all of PERFECTION'S right, title and interest in and to the following assets, properties, rights and interests (collectively, the "Assets"):

- (a) The Distribution Rights – the right to sell and distribute Products to Outlets in the geographic territory described on Schedule A attached hereto, which Products, Outlets and Distribution Rights are defined by, subject to and further evidenced by a written Distribution Agreement of even date herewith executed by the parties (the "Distribution Agreement");
- (b) customer data and customer lists relating to the Distribution Rights and governed by the Distribution Agreement.

TO HAVE AND TO HOLD the same, with the appurtenances thereof, unto the DISTRIBUTOR, its successors and assigns, forever, to its own proper use and behalf. AUNT MILLIE'S hereby represents and warrants to DISTRIBUTOR for itself and its successors that AUNT MILLIE'S is the sole owner of and has good and marketable title to all of the Assets and conveys them to DISTRIBUTOR free and

clear of any mortgage, lien, claim, right, security interest, encumbrance, covenant, easement or restriction of any kind or nature.

This Bill of Sale shall, in all respects, be governed and construed in accordance with the laws of the State of Indiana, without respect to choice of law rules.

IN WITNESS WHEREOF, AUNT MILLIE'S has caused this Bill of Sale to be duly and properly executed as of the ____ day of _____, 20____.

PERFECTION BAKERIES, INC.

By: _____
PRESIDENT

SAMPLE

SAMPLE

SAMPLE

SCHEDULE "A"
SALES AREA DESCRIPTION

DEPOT: COLUMBUS

SALES AREA # 1

Unless otherwise indicated, only the inside (side facing the interior of the territory) of all the city, town, county or state lines, rivers or other natural boundaries or border streets and highways is included in the Sales Area. The location of any Outlet shall be determined by its street address. There are no additions or exceptions unless noted.

- **BEGINNING AT A POINT** where I-40 intersects with Chapman Highway.
- Then proceeding east on I-40 to I-640.
- Then proceeding west on I-640 to the intersection Washington Pike.
- Then proceeding north on Washington Pike to the intersection of Murphy Road.
- Then proceeding north on Murphy Road to the intersection of Buckeye Pike.
- Then proceeding north on Buckeye Pike to the intersecting point of the Madison County line.
- Then proceeding clockwise on the Madison County line to the intersecting point of the Ohio River.
- Then proceeding west along the Ohio River to the intersecting point of Chapman Highway.
- Then proceeding north on Chapman Highway to the intersection of I-40 to the **POINT AND PLACE OF THE BEGINNING.**

Also included in this Sales Area is the entire County of Fayette

ADDITIONS:

This Sales Area also includes the Outlet(s) located at the following address now or in the future and presently known as:

Sam's Wholesale Club #8256, 301 Walker Springs Road.

EXCEPTIONS:

This Sales Area also includes the Outlet(s) located at the following address now or in the future and presently known as:

Wal-Mart SuperCenter #2065, 251 Walker Springs Road.

Food Lion # 824 4728 Centerline Dr.

Exhibit E

Advertising Agreement

PERFECTION BAKERIES, INC. ADVERTISING AGREEMENT

THIS ADVERTISING AGREEMENT (this "Agreement") is made effective _____, 20____, by and between **PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S** an Indiana business corporation with its principal office at 350 Pearl Street, Fort Wayne, Indiana 46802 (herein referred to as "AUNT MILLIE'S") and **[DISTRIBUTOR'S CORPORATE NAME]**, a _____ business corporation with its principal office at **[DISTRIBUTOR'S ADDRESS]**, (herein referred to as LESSOR").

In consideration of the mutual promises contained herein the parties agree as follows:

- 1. DELIVERY VEHICLE ADVERTISING AGREEMENT:** LESSOR agrees to rent to AUNT MILLIE'S for the limited purposes of advertising AUNT MILLIE'S Products, the outside painted surfaces of the primary delivery vehicle utilized by LESSOR in the operation of its business. AUNT MILLIE'S agrees, in consideration of this rental, to provide and pay for the cost of applying advertising decals or materials to said vehicle, and to further pay as and for a space rental fee, the sum of **\$60/week**. In consideration of such rental payments, LESSOR agrees to maintain said vehicle in a clean and neat condition, consistent with the best possible image for AUNT MILLIE'S in the marketplace, to repaint the vehicle from time to time as AUNT MILLIE'S may reasonably require, and to make the vehicle available to AUNT MILLIE'S on reasonable notice and at reasonable times, for the purpose of enabling AUNT MILLIE'S to place or

amend its advertising materials on the vehicle. AUNT MILLIE'S shall be solely responsible for the content of any advertising material and shall bear all expenses incurred in connection with placing, amending and/or removing of such advertising materials in the advertising space. In the event AUNT MILLIE'S, in its sole judgment, determines that LESSOR is not complying with the requirements of this Article AUNT MILLIE'S may withhold rental payments, and if LESSOR fails to take reasonable steps to comply after notice from AUNT MILLIE'S, AUNT MILLIE'S shall be entitled to terminate this Vehicle Advertising Agreement on ten (10) days notice to LESSOR, and LESSOR shall immediately make the vehicle available to AUNT MILLIE'S for the purpose of having the advertising materials removed.

2. **CLOTHING ADVERTISING AGREEMENT:** LESSOR agrees to rent to AUNT MILLIE'S for the limited purposes of advertising AUNT MILLIE'S Products, all items of approved clothing worn by LESSOR's personnel in connection with the operation of its business appropriate for such use. AUNT MILLIE'S agrees to pay for such space rental the sum of **\$60/week**. In consideration of such rental payments, LESSOR agrees to maintain all such items of clothing in a clean and neat condition, to maintain standards of dress and personal grooming consistent with AUNT MILLIE'S clothing advertising policy, as the same may be amended from time to time, and consistent with the best possible image for AUNT MILLIE'S in the marketplace, and to make such items of clothing available to AUNT MILLIE'S on reasonable notice and at reasonable times for the purpose of enabling AUNT MILLIE'S to place or amend its advertising materials on the clothing. AUNT MILLIE'S shall be solely responsible for the content of any advertising material and shall bear all expenses incurred in connection with placing, amending and/or removing of such advertising materials in the advertising space. In the event AUNT MILLIE'S, in

its sole judgment, determines that LESSOR is not complying with the requirements of this Article, AUNT MILLIE's may withhold rental payments, and if LESSOR fails to take reasonable steps to comply after notice from AUNT MILLIE'S , AUNT MILLIE'S shall be entitled to terminate this Clothing Advertising Agreement on ten (10) days notice to LESSOR and LESSOR shall immediately make the clothing available to AUNT MILLIE'S for the purpose of having the advertising materials removed.

3. **RESTRICTED USE:** This Agreement shall not be interpreted or construed by either party to authorize or license the LESSOR to use the tradenames or trademarks of AUNT MILLIE'S in any way other than as set forth in paragraphs 1 and 2 above, nor authorize either party to act as agent or employee of the other.
4. **TERM:** LESSOR may terminate this Agreement on thirty (30) days written notice to AUNT MILLIE'S and, in any case, it shall automatically terminate on any termination of the Distribution Agreement previously entered into between the parties or the sale or transfer of the delivery vehicle or all of the Distribution Rights to which that Agreement applies.
5. **CONSTRUCTION:** This Agreement shall, in all respects, be governed by and construed in accordance with the laws of the State of Indiana, without respect to choice of law rules.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

PERFECTION BAKERIES, INC.

(DISTRIBUTOR'S CORP)

By: _____
President

By: _____
President

DOCUMENT

Exhibit F
Buy Back Agreement

**PERFECTION BAKERIES, INC.
BUY BACK AGREEMENT**

THIS BUY BACK AGREEMENT is made effective _____, 20__ by and between **PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE’S**, an Indiana business corporation with its principal office at 350 Pearl Street, Fort Wayne, Indiana 46802 (herein referred to as "AUNT MILLIE’S") and **(DISTRIBUTOR’S CORPORATE NAME)**, a _____ business corporation with its principal office at **(DISTRIBUTOR’S ADDRESS)**, (herein referred to as "DISTRIBUTOR").

WITNESSETH:

WHEREAS, AUNT MILLIE’S has heretofore executed a certain Bill of Sale pursuant to which AUNT MILLIE’S sold to DISTRIBUTOR certain Distribution Rights (as defined in the Distributor's Agreement referred to below) and certain other personal property used in connection with the exercise of the Distribution Rights (herein the “Assets”) all in consideration of the sum of **PURCHASE PRICE (\$____.00)**; and

WHEREAS, in connection with the Bill of Sale, AUNT MILLIE’S and DISTRIBUTOR have executed a certain Distribution Agreement of even date herewith (said Bill of Sale and Distribution Agreement being incorporated herein by reference).

NOW, THEREFORE, in consideration of the purchase(s) set forth in the Bill of Sale, the execution of the Distribution Agreement, and for other good and valuable consideration, the parties agree that, at any time within one year of the effective date of this Agreement, DISTRIBUTOR shall have the absolute right to sell the Assets to AUNT MILLIE'S and;

- (a) receive from AUNT MILLIE'S in payment for the Assets the sum originally paid by DISTRIBUTOR to AUNT MILLIE'S as recited above, less only an allowance for any damage to the Assets in excess of normal wear and tear; and
- (b) if DISTRIBUTOR has leased or subleased a vehicle from AUNT MILLIE'S or an affiliate, AUNT MILLIE'S will take an assignment of that lease or sublease of that vehicle, as the case may be, provided that the vehicle is in the same condition as when originally leased or sold, excepting only ordinary wear and tear.

DISTRIBUTOR must notify AUNT MILLIE'S in writing within the one year Buy Back period and at least thirty days prior to exercising the rights under this Agreement. DISTRIBUTOR shall then, by execution of a Bill of Sale, General Release of claims, and, if applicable, the appropriate documents to effect an assignment of lease or sublease of the vehicle, transfer to AUNT MILLIE'S good and marketable title to the Assets and lease rights, free and clear of all liens, security interests or encumbrances. The effective date of that transfer shall be set at the discretion of AUNT MILLIE'S but in no event more than thirty (30) days from receipt of notice.

This Agreement is personal to DISTRIBUTOR and may not be sold or assigned by it to any third party. Any transfer by DISTRIBUTOR to AUNT MILLIE'S pursuant to this Agreement shall not be subject to the transfer fee referred to in Article 7 of the Distribution Agreement.

This Agreement shall, in all respects, be governed and construed in accordance with the laws of the State of Indiana without respect to choice of law rules.

IN WITNESS WHEREOF, AUNT MILLIE'S and DISTRIBUTOR have caused this Agreement to be duly and properly executed as of the day and year first above written.

PERFECTION BAKERIES, INC.

DISTRIBUTOR'S CORPORATION

By: _____
President

By: _____
President

Exhibit G
Computer Equipment Use Agreement

**PERFECTION BAKERIES, INC.
COMPUTER EQUIPMENT USE AGREEMENT**

THIS COMPUTER EQUIPMENT USE AGREEMENT ("Agreement") is made effective on _____, **20**____, by and between PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S, INC., a corporation with its principal office at 350 Pearl Street, Fort Wayne, Indiana 46802 (herein referred to as "AUNT MILLIE'S") and **[DISTRIBUTOR'S NAME]**, residing at **[DISTRIBUTOR'S ADDRESS]**, (herein referred to as "DISTRIBUTOR"). AUNT MILLIE'S and DISTRIBUTOR agree as follows:

- 1) **COMPUTER EQUIPMENT**: AUNT MILLIE'S, directly, or through its affiliates, agrees to provide to DISTRIBUTOR a Handheld computer and printer ("the Computer Equipment"). The Computer Equipment may be exchanged or replaced by AUNT MILLIE'S or its affiliates from time to time with similar or comparable equipment.
- 2) **FEE**: DISTRIBUTOR shall pay to AUNT MILLIE'S or its affiliates, the sum of \$30.00, plus sales and use tax, per week for the use of the Computer Equipment. Such payment shall be charged to DISTRIBUTOR on a weekly basis. This fee is subject to change by AUNT MILLIE'S upon thirty (30) days' notice.
- 3) **USE**: DISTRIBUTOR shall use the Computer Equipment exclusively in the operation and service of its distribution of AUNT MILLIE'S products.
- 4) **MAINTENANCE**: AUNT MILLIE'S or its affiliates shall bear the expense of maintaining the Computer Equipment in good operating condition.
- 5) **LIABILITY AND INSURANCE**: DISTRIBUTOR, at its own expense, shall carry "all risk" insurance on the Computer Equipment in the minimum amount of \$5,000 and AUNT MILLIE'S (and any of its affiliates that may be requested in writing by AUNT MILLIE'S) shall be included and named as an additional insured and/or loss payee. DISTRIBUTOR shall provide AUNT MILLIE'S a copy of such insurance certificate within thirty (30) days of the effective date of this Agreement.
- 6) **DISTRIBUTOR'S DUTIES**: DISTRIBUTOR shall be responsible to exercise due and reasonable care in the use and possession of the Computer Equipment
- 7) **RETURN**: Upon the termination of this Agreement by either party, the Computer Equipment, at the expense of DISTRIBUTOR, shall be returned to the place of business of AUNT MILLIE'S in good condition, reasonable wear and tear excepted.

- 8) **INDEMNITY**: Neither AUNT MILLIE'S nor its affiliates assume any liability for any acts or omissions of DISTRIBUTOR or its agents. DISTRIBUTOR hereby releases AUNT MILLIE'S and its affiliates and agrees to indemnify AUNT MILLIE'S and its affiliates and hold them harmless for any and all claims against AUNT MILLIE'S or its affiliates of any kind or nature, arising out of or resulting from the use and/or operation of the Computer Equipment by DISTRIBUTOR.
- 9) **OWNERSHIP**: DISTRIBUTOR acquires no ownership, title or interest in or to the Computer Equipment, but only the right of use in accordance with the provisions of this Agreement
- 10) **CONSTRUCTION**: This Agreement shall, in all respects, be governed by and construed in accordance with the laws of the State of Indiana, without regard to Indiana's choice of law provisions.

PERFECTION BAKERIES, INC. CORPORATE NAME

_____, President

DISTRIBUTOR
Printed Name:

Exhibit H(1)
Perfection Bakeries, Inc. Security Agreement

PERFECTION BAKERIES, INC.
SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), is made effective _____, 20__ by and between **PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S** a corporation with its principal office at 350 Pearl Street, Fort Wayne, Indiana 46802 (herein called the "Secured Party") and **DISTRIBUTOR'S CORPORATE NAME**, with principal office at **DISTRIBUTOR'S ADDRESS**, (herein called the "Distributor").

W I T N E S S E T H :

In consideration of the premises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. GRANT OF SECURITY INTEREST:

(a) To secure the full and complete payment and performance of any indebtedness, obligation or liability of Distributor to Secured Party, now or hereinafter existing, (all hereinafter called the "obligations"), Distributor hereby mortgages, charges and assigns to the Secured Party and grants to the Secured Party a Security Interest in all his, her or its right, title and interest in and to,

(i) The Distribution Rights granted to Distributor by the Secured Party pursuant to a certain Bill of Sale of even date herewith together with the route book, customer data, and other assets used by the Distributor in the operation of his, her or its business;

(ii) all accounts, accounts receivable, contract rights and chattel papers related to or arising from Borrower's business, whether now or hereafter existing or acquired;

(iii) all equipment, inventory, goods, property, and general intangibles related to or arising from Distributor's business, whether now or hereafter existing or acquired and wherever located;

(iv) any and all accessions, replacements and additions to or of the foregoing; and

(v) all cash or non-cash proceeds (including insurance proceeds) of the foregoing,

the items described in i), ii), iii), iv) and (v) above being hereinafter collectively referred to as the "Collateral".

(b) Distributor hereby represents and warrants to Secured Party that Secured Party will have a first lien and security interest in the Collateral.

2. DISTRIBUTOR COVENANTS: Distributor covenants and agrees as follows:

- (a) to execute all proper financing statements for filing;
- (b) that Distributor will promptly notify Secured Party in writing of any change in address other than that as set forth above;
- (c) to pay and perform all of the obligations secured by this Agreement according to their terms;
- (d) to defend the title to the Collateral against all persons and against all claims and demands whatsoever. Distributor will not, without Secured Party's prior written consent, sell, lease or dispose of any of the Collateral (other than inventory, which may be sold, leased, or otherwise disposed of in the ordinary course of business);
- (e) to obtain and maintain, at Distributor's expense, throughout the term of this Agreement, minimum levels of occurrence form insurance coverage with an insurance company acceptable to the Secured Party, in such amounts as may from time to time be reasonably required by the Secured Party, which as of the date of execution of this Agreement are as follows:
 - (i) Comprehensive general liability insurance, including product liability (to include broad form contractual liability coverage) with \$2,000,000 combined single limits;
 - (ii) Automobile liability insurance with minimum limits of \$2,000,000 combined single limits, on all vehicle(s) used in Distributor's business; and
 - (iii) Collision and Comprehensive damage coverage with a deductible no greater than \$500.00 on all vehicle(s) used in Distributor's business.

In the event a substitute vehicle is used by Distributor coverage will automatically apply to the substitute vehicle. In addition, the Distributor must carry policies or riders providing cargo insurance in an amount of not less than \$2,000, and Inland Marine coverage of not less than \$5,000. In the event equipment to be insured exceeds the value of \$5,000.00, additional Inland Marine coverage must be purchased. The insurance contemplated shall be in a form acceptable to Secured Party, shall name Secured Party as an additional insured thereof and as a loss payee on any collision or comprehensive damage policy on any physical assets on which Secured Party has a lien, and shall provide that Secured Party shall be given 30 days advance written notice of material changes or cancellation of such coverage(s). A certificate indicating that the foregoing coverages are in effect, and primary over any other applicable insurance which may be in existence, shall be delivered to Secured Party upon request, and

- f) to maintain the Collateral in good condition and repair and working order.

3. DEFAULT:

The following shall constitute a default by the Distributor:

- (a) Distributor's failure to pay to Secured Party when due any obligation secured by this Agreement;
- (b) any termination of the Distribution Agreement executed between the parties of even date herewith;
- (c) Distributor's failure to comply with or perform any provisions or covenants of this Agreement, or any other agreement between Distributor and Secured Party;
- (d) any default under any instrument or agreement evidencing, securing or relating to the Lender Loan if any;
- (e) Distributor's failure to maintain the insurance required in Article 2 above;
- (f) any reduction in the value of the Collateral, due to the fault of the Distributor, which imperils satisfaction of Distributor's obligations hereunder;
- (g) the making of any seizure, sale, assignment, lease, pledge or other transfer of any Collateral, except as otherwise permitted under this Agreement;
- (h) a notice of lien, levy, attachment or assessment is filed or recorded with respect to any Collateral, and the claim is not fully discharged and satisfied within 30 days of such filing or recordation; or
- (i) Distributor's dissolution, insolvency, inability to pay debts as they mature, appointment of a receiver for any part of its property, assignment of Distributor's assets for the benefit of creditors, the commencement of any proceeding by or against Distributor under any bankruptcy or insolvency laws, or other material adverse change in Distributor's financial condition.

4. REMEDIES:

(a) Upon any default of Distributor, all the obligations secured by this Agreement shall immediately become due and payable in full without notice or demand and the Secured Party shall have and may exercise all the rights, remedies and privileges as are accorded to a secured party by the applicable laws of the State of Indiana in effect as of the date of this Agreement.

(b) Secured Party may by instrument in writing appoint any person as a receiver of all or any part of the Collateral. Secured Party may from time to time remove or replace a receiver, or make application to any court of competent jurisdiction for the appointment of a receiver. Any receiver appointed by Secured Party will (for purposes relating to responsibility for the receiver's acts or omissions) be considered to be the Distributor's agent. Secured Party may from time to time fix the receiver's remuneration and the Distributor will pay Secured Party the amount of such remuneration. Secured Party will not be liable to the Distributor or any other person

in connection with appointing or not appointing a receiver or in connection with the receiver's actions or omissions.

(c) Secured Party or a receiver may take possession of all or any part of the Collateral and retain it for as long as Secured Party or the receiver considers appropriate, receive any rents and profits from the Collateral, carry on (or concur in carrying on) all or any part of the Distributor's business or refrain from doing so, borrow on the security of the Collateral, repair the Collateral, process the Collateral, prepare the Collateral for sale, lease or other disposition, and sell or lease (or concur in selling or leasing) or otherwise dispose of the Collateral on such terms and conditions (including among other things by arrangement providing for deferred payment) as Secured Party or the receiver considers appropriate. Secured Party or the receiver may (without charge and to the exclusion of all other persons including the Distributor) enter upon any place of business.

(d) Secured Party or a receiver may use, collect, sell, lease or otherwise dispose of, realize upon, release to the Distributor or other persons and otherwise deal with, the Collateral in such manner, upon such terms (including among other things by arrangement providing for deferred payment) and at such times as Secured Party or the receiver considers appropriate. Secured Party or the receiver may make any sale, lease or other disposition of the Collateral in the name of and on behalf of the Distributor or otherwise.

(e) All proceeds of Collateral received by Secured Party or a receiver may be applied to discharge or satisfy any expenses (including among other things the receiver's remuneration and other expense of enforcing Secured Party's rights under this Agreement), charges, borrowing (including the Lender Loan if any), taxes and other expenses affecting the Collateral or which are considered advisable by Secured Party or the receiver to preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any charges on the Collateral ranking in priority to any charge created by this Agreement, or to sell, lease or otherwise dispose of the Collateral, all as may be determined by Secured Party in its sole discretion. The balance of such proceeds will be applied to the liabilities in such manner and at such time as Secured Party considers appropriate and thereafter will be accounted for as required by law.

(f) Before and after default, Secured Party will have, in addition to the rights specifically provided in this Agreement, the rights of a secured party under the Indiana Uniform Commercial Code, as well as the rights recognized at law and in equity. No right will be exclusive of or dependent upon or merge in any other right, and one or more of such rights may be exercised independently or in combination from time to time.

(g) The Distributor will remain liable to Secured Party for payment of any liabilities that are outstanding following realization of all or any part of the Collateral.

5. GENERAL PROVISIONS:

(a) Waiver of any default shall not be considered to constitute a waiver of any subsequent default.

(b) This Agreement shall be governed by the laws of the State of Indiana, without respect to Indiana's choice of law rules. Any provision declared invalid under any law shall not invalidate any other provision of this Agreement.

(c) This Agreement shall bind and inure to the benefit of the respective parties hereto and their respective legal representatives, successors and assigns.

(d) This Agreement may be changed only in a writing executed by both parties) The Security Interests created by this Agreement are intended to attach (i) to existing Collateral when the Distributor signs this Agreement, and (ii) to Collateral subsequently acquired by the Distributor, immediately upon the Distributor acquiring any rights in such Collateral. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

PERFECTION BAKERIES, INC.

**DISTRIBUTOR'S CORPORATE
NAME**

By: _____
_____, President

_____, President

Exhibit (H)(2)
UCC-1 (Representative Sample)

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)	
B. SEND ACKNOWLEDGEMENT TO: (Name and Address)	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
Distributor Corporation				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
1d. TAX ID #: SSN OR EIN		1e. TYPE OF ORGANIZATION		1f. JURISDICTION OF ORGANIZATION
123456789		corporation		1g. ORGANIZATIONAL ID #, if any
ORGANIZATION DEBTOR				☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. TAX ID #: SSN OR EIN		2e. TYPE OF ORGANIZATION		2f. JURISDICTION OF ORGANIZATION
ORGANIZATION DEBTOR				2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME				
PERFECTION BAKERIES, INC..				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE

4. This FINANCING STATEMENT covers the following collateral:

The Distribution Rights granted to Debtor pursuant to that certain Bill of Sale and that certain Distribution Agreement, each dated as of _____, 20____, by and between Debtor and Perfection Bakeries, Inc., (as hereafter amended, modified or supplemented, the "Distribution Agreements"), together with other assets used by the Debtor in the operation of his/her business;

- a) all equipment, inventory, accounts, receivables, good, property, contract rights, chattel paper and general intangibles related to or arising from Borrower's business, whether now or hereafter existing or acquired and wherever located;
- b) any and all accessions, replacements and additions to or of the foregoing; and
- c) all cash or non-cash proceeds (including insurance proceeds) of the foregoing.

5. ALTERNATIVE DESIGNATION	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR	SELLER/BUYER	AG. LEIN	NON- UCC FILING
6.	This FINANCING STATEMENT is to be filed (for record) or recorded in the REAL ESTATE RECORDS Attach addendum (if applicable)			7. Check to REQUEST REPORTS(S) on Debtor(s) (ADDITIONAL FEE) (optional)	All Debtors	Debtor 1
8. OPTIONAL FILER REFERENCE DATA						

Exhibit I

Financial Statements

The following pages in Exhibit I contain the audited consolidated balance sheets of Perfection Bakeries, Inc. as of September 30, 2025 and 2024, and September 30, 2024 and 2023, and the related consolidated statements of income and/or operations, comprehensive income and/or loss and cash flows for the years then ended, and the related notes to the financial statements.

Also included are the unaudited balance sheet and statement of income of Perfection Bakeries, Inc. as of January 31, 2026.

PERFECTION BAKERIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2025 and 2024

PERFECTION BAKERIES, INC.
Fort Wayne, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Perfection Bakeries, Inc.
Fort Wayne, Indiana

Opinion

We have audited the consolidated financial statements of Perfection Bakeries, Inc., which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of income, comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Perfection Bakeries, Inc. as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Perfection Bakeries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Perfection Bakeries, Inc.'s ability to continue as a going concern for a reasonable period of time.

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


Crowe LLP

Fort Wayne, Indiana
January 30, 2026

CONSOLIDATED FINANCIAL STATEMENTS

PERFECTION BAKERIES, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,531,387	\$ 13,448,624
Held-to-maturity securities	2,672,834	2,843,259
Routes held for sale	1,383,581	1,096,406
Receivables		
Trade	25,618,299	26,434,283
Current maturities of notes receivable – distributor routes	815,186	804,703
Other	197,154	114,056
	<u>26,630,639</u>	<u>27,353,042</u>
Less: Allowance for credit losses/customer deductions	<u>3,477,302</u>	<u>3,385,937</u>
	23,153,337	23,967,105
Inventories, net	16,241,103	15,323,181
Prepaid expenses and other assets	5,702,741	4,515,283
Assets held for sale	224,157	25,000
Total current assets	<u>67,909,140</u>	<u>61,218,858</u>
Property, plant and equipment, at cost		
Land improvements	2,993,155	2,538,132
Buildings and leasehold improvements	26,997,823	26,293,901
Machinery and equipment	123,068,256	117,439,946
Furniture and fixtures	1,663,299	1,589,426
Computer hardware and software	9,190,449	10,851,862
Delivery and automotive equipment	11,214,804	11,656,078
	<u>175,127,786</u>	<u>170,369,345</u>
Less: accumulated depreciation and amortization	<u>141,798,666</u>	<u>139,967,410</u>
	33,329,120	30,401,935
Construction in progress	4,349,194	6,691,112
Land	2,272,145	2,446,173
	<u>39,950,459</u>	<u>39,539,220</u>
Notes receivable – distributor routes, less current maturities, net	5,131,698	4,862,381
Right of use assets	24,197,742	20,264,988
Other assets	756,032	769,267
	<u>137,945,071</u>	<u>126,654,714</u>
Total assets	<u>\$ 137,945,071</u>	<u>\$ 126,654,714</u>

(Continued)

PERFECTION BAKERIES, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current liabilities		
Current maturities of long-term obligations	\$ 1,735,873	\$ 1,704,850
Subordinated revolving credit facility	1,394,110	1,973,937
Current portion of pension plan withdrawal liability	617,738	578,437
Accounts payable	20,412,421	21,890,353
Accrued expenses	22,405,797	26,292,279
Lease liability, current	5,829,829	4,691,689
Deferred revenue	<u>742,552</u>	<u>835,063</u>
Total current liabilities	53,138,320	57,966,608
Long-term obligations, less current maturities	1,653,592	3,313,680
Deferred revenue, long-term	1,387,269	1,263,177
Accrued postretirement life and health benefits and pension plan	3,836,315	4,079,343
Pension plan withdrawal liability	10,550,719	11,168,457
Lease liability, long-term	18,131,787	14,781,089
Other liabilities	<u>8,314,301</u>	<u>7,224,057</u>
Total liabilities	97,012,303	99,796,411
STOCKHOLDERS' EQUITY		
Common stock, voting	15,703	15,703
Common stock, non-voting	141,327	141,327
Contributed capital	8,070,989	8,070,989
Accumulated other comprehensive income	1,758,511	1,398,589
Retained earnings	<u>30,946,238</u>	<u>17,231,695</u>
Total stockholders' equity	40,932,768	26,858,303
 Total liabilities and stockholders' equity	 <u>\$ 137,945,071</u>	 <u>\$ 126,654,714</u>

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net sales	\$ 449,218,205	\$ 462,702,057
Cost of sales	<u>298,893,206</u>	<u>311,115,028</u>
Gross profit	150,324,999	151,587,029
Delivery and selling expenses	112,350,055	111,831,049
General and administrative expenses	<u>17,813,303</u>	<u>17,089,570</u>
Income before interest and other (expense) income	20,161,641	22,666,410
Other income (expense):		
Interest expense	(1,154,011)	(1,449,065)
Other income, net	<u>5,028,800</u>	<u>2,242,411</u>
Total other income	<u>3,874,789</u>	<u>793,346</u>
Income before income tax expense	24,036,430	23,459,756
Income tax expense	<u>257,288</u>	<u>232,026</u>
Net income	<u>\$ 23,779,142</u>	<u>\$ 23,227,730</u>

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net income	\$ 23,779,142	\$ 23,227,730
Other comprehensive income		
Change in benefit plans, net	<u>359,922</u>	<u>281,065</u>
	<u>359,922</u>	<u>281,065</u>
Comprehensive income	<u>\$ 24,139,064</u>	<u>\$ 23,508,795</u>

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operations		
Net income	\$ 23,779,142	\$ 23,227,730
Adjustments to reconcile net income to net cash provided by operations		
Depreciation and amortization	8,427,633	8,028,212
Lease expense	6,047,542	5,077,980
Gain from property disposal	(178,199)	(44,215)
Change in assets and liabilities:		
Receivables, net	824,251	3,203,768
Inventories, net	(917,922)	(1,165,834)
Prepaid expenses	(1,187,458)	(1,616,170)
Other assets	(342,051)	777,112
Accounts payable	(1,477,932)	(2,611,171)
Pension plan withdrawal liability	(578,437)	(541,637)
Lease payable	(5,491,458)	(5,076,082)
Accrued expenses and other liabilities	<u>(393,926)</u>	<u>748,288</u>
Net cash provided by operations	28,511,185	30,007,981
Cash flows from investing activities		
Capital expenditures	(9,190,027)	(9,556,478)
Investment sales (purchases)	170,425	(2,775,859)
Proceeds received from notes receivable	850,785	800,603
Proceeds received from sale of property	<u>330,197</u>	<u>218,559</u>
Net cash used for investing activities	(7,838,620)	(11,313,175)
Cash flows from financing activities		
Payments on subordinated revolving credit facility	(579,827)	(766,915)
Principal payments on long-term obligations	(1,629,065)	(3,072,515)
Distributions paid to stockholders	<u>(13,380,910)</u>	<u>(9,206,403)</u>
Net cash used for financing activities	<u>(15,589,802)</u>	<u>(13,045,833)</u>
Net increase in cash	5,082,763	5,648,973
Cash and cash equivalents, beginning of year	<u>13,448,624</u>	<u>7,799,651</u>
Cash and cash equivalents, end of year	<u>\$ 18,531,387</u>	<u>\$ 13,448,624</u>

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The consolidated financial statements contain the accounts of Perfection Bakeries, Inc., Perfection Distribution LLC, and First Capital Acceptance Corporation, (collectively, the “Company”) which operate under common management and are of common ownership. Perfection Distribution LLC and First Capital Acceptance Corp., are all 100% wholly owned subsidiaries of Perfection Bakeries, Inc. Perfection Bakeries, Inc. produces and distributes various bread, bun and bakery products throughout the Midwest, predominantly in Indiana, Michigan, Illinois, Kentucky, Wisconsin, and Ohio. The Company also sells its product nationally and internationally through its Bakehouse division, which is the Company’s frozen baked goods division, representing approximately 24% and 23% of the Company’s total net sales for the years ended September 30, 2025 and 2024, respectively. Perfection Distribution LLC operates as the transportation distribution function for Perfection Bakeries, Inc. as a “carrier for hire” and results in maximizing savings related to sales and use tax.

All significant intercompany account balances and transactions have been eliminated in the consolidated financial statements.

Marketable Securities: Interest and dividends from marketable securities are included in income as earned. Realized gains (losses) on sales of marketable securities are determined using the specific identification method. Unrealized holding gains and losses on available for sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until realized.

Marketable securities are exposed to various risks and rewards, such as interest rate, market, and credit risks. Due to these risks and rewards associated with certain marketable securities, it is possible that changes in the values of marketable securities may occur and that such changes could affect the amounts reported on the consolidated balance sheets. Securities with declines in fair value below amortized cost that are other than temporary are written down to fair value by a charge to earnings.

Independent Distributors: The Company may repurchase territories from and sell territories to independent distributors periodically. At the point of repurchasing or selling, territories are valued at fair market value, which is generally determined as a multiple of average weekly sales. When the Company sells a new territory to an independent distributor, all revenue is deferred and then recognized over the ten year life of the corresponding note receivable from the distributor as cash is received. The Company repurchases territories from independent distributors in circumstances when the Company decides to exit a territory, when the distributor elects to terminate its relationship with the Company, or when the Company needs to reorganize territories. In the event the Company decides to exit a territory or ceases to utilize the independent distribution form of doing business, it is obligated to repurchase the territory from the independent distributor. In the event an independent distributor terminates its relationship with the Company, the Company, although not legally obligated, normally repurchases and operates that territory as a Company-owned territory until such time as the Company is able to find a new prospective independent operator to purchase the territory. At the time the Company purchases a territory from an independent distributor, the fair value purchase price of the territory is recorded as “Routes held for sale.”

Upon the sale of a repurchased territory to an independent distributor, a note receivable of ten years is recorded for the sales price of the territory with a corresponding credit to Routes held for sale to relieve the carrying amount of the territory. If the new note receivable is in excess of the territory’s carrying value, the gain is deferred and recognized over the life of the new note receivable, which is ten years. If the new note receivable is less than the carrying amount of the territory, a loss is recorded at the date of the sale in other income in the consolidated statements of operations. All losses are recorded at the date of the sale and any impairment of a route held for sale is recorded at such time when the impairment occurs.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent to the purchase of a territory by the distributor, in accordance with the terms of the distributor arrangement, in situations when the Company has offered a twelve-month buyback option, the independent distributor has the right to require the Company to repurchase the territory and truck, if applicable, at the original purchase price within the twelve-month period following the date of sale. If the truck is leased, the Company will assume the lease if the territory is repurchased during the first twelve-month period. Should the independent distributor wish to sell the territory after the twelve-month period has expired, the Company has the right of first refusal, as well as the option to purchase the territory for the current fair market value, as previously defined. During the twelve-month buyback option period, the Company does not recognize any income it normally would from usual amortization of deferred revenue as a result of payments on the notes receivable.

Delivery and Selling Expenses: Expenses included in delivery and selling expenses consist predominantly of shipping and handling costs.

Cash and Cash Equivalents: The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The Company places its cash with high credit quality financial institutions. Cash balances generally exceed insurance provided on such deposits.

Accounts Receivable: The Company sells to customers using credit terms customary in its industry. Interest is not normally charged on receivables.

Allowance for Credit Losses: Management establishes an allowance for credit losses on financial assets based on consideration of historical loss information, current economic conditions and reasonable and supportable forecasts of future economic conditions. Management recognizes an allowance for expected credit losses such that the net carrying amount of the financial assets presented on the Company's consolidated balance sheets represents the amount expected to be collected.

Inventory Valuation: The Company values its inventory at lower of cost and net realizable value using the first-in, first-out (FIFO) method. In addition to baking ingredients, wrapping supplies and finished goods, the Company maintains inventories of spare parts and supplies, which are used for repairs and maintenance of its plant machinery and equipment and delivery and automotive equipment. These spare parts and supplies allow the company to react quickly in the event of a mechanical breakdown. Inventories consist of the following at September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Raw materials	\$ 6,880,993	\$ 6,429,552
Finished goods	7,639,987	7,442,580
Supply inventory	2,320,105	2,220,103
Inventory reserve	<u>(599,982)</u>	<u>(769,054)</u>
	<u>\$ 16,241,103</u>	<u>\$ 15,323,181</u>

Advertising Costs: Costs for advertising, including television, print media, radio media and customer promotions, are expensed as they are incurred. Advertising costs for the years ended September 30, 2025 and 2024 were \$2,380,004 and \$2,429,459, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment: Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Company is depreciating land improvements over periods of 5 to 40 years, building and leasehold improvements over periods of the shorter of the lease term or 1 to 40 years, machinery and equipment over periods of 1 to 15 years, furniture and fixtures and computer hardware and software over periods of 3 to 20 years, and delivery and automotive equipment over a period of 1 - 5 years. Upon retirement or sale of assets, the cost of the disposed assets and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs and minor renewals are charged to expense; betterments and major renewals are capitalized.

The Company reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If these future undiscounted cash flows are less than the carrying value of the asset, then the carrying amount of the asset is written down to its fair value, based on the related estimated discounted future cash flows. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property, plant and equipment is used and the effects of obsolescence, demand, competition and other economic factors.

Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates. Actual results could differ positively or negatively from those estimates. Certain significant estimates and assumptions used in the preparation of the Company's consolidated financial statements include those used for: fair value measures, allowances for doubtful accounts, inventory valuation, worker's compensation and pension and post-retirement health plans.

Fair Values: The Company follows guidance of ASC 820 *Fair Value Measurement* which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This requirement establishes a fair value hierarchy regarding the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This requirement establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The requirement describes three levels of inputs that may be used to measure fair value.

The three levels of fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of cash and cash equivalents, accounts receivable and accounts payable approximates carrying value because of the short-term maturities of these financial instruments, or underlying interest rates, where applicable, approximate market for the same or similar issues. The carrying values of the revolving line of credit, notes receivable and the long-term obligations, approximate fair values, as the notes bear interest at rates for notes with similar terms and maturities.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes receivable are entered into in connection with the sale of distributors' territories to independent distributors. The Company requires all independent distributors to sign an assignment of receivables document which allows the Company to collect the note receivable payments due from the distributors from their weekly settlements with the Company. Additionally, the notes receivable are collateralized by the territories purchased with the notes and are recorded in the consolidated balance sheet at carrying value, which represents the closest approximation of fair value. Management periodically evaluates the notes receivable against the territory fair market value formula defined below to determine if an adjustment is needed for a valuation and / or collectability allowance.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The appropriate interest rate that is traditionally used to estimate the fair value of a note receivable is normally the prevailing market rate at which similar loans would be made to distributors with similar credit rating and terms.

There is a limited external market for financing independent distributor notes and as is common in the marketplace for companies that offer independent distributor programs, the Company provides, through First Capital Acceptance Corporation ("First Capital"), the financing program for the independent distributor program, rather than a bank financed program. Additionally, while First Capital, as part of its financing processes, collects the financial history and credit risks of a potential independent operator, such information is not the primary factor in determining the interest rate to apply to the notes. First Capital has a fixed rate of interest, as adjusted from time to time based on changes in the market, which it believes is sufficiently high to cover even the riskiest of independent operators. The fact that the independent operator signs an assignment of receivable, and that the notes are collateralized by the territories decreases the risk of loss. The underlying value of each territory is determined by how well an independent operator services and grows the territory, as well as the Company's business relationships with the various accounts in the territory, the product offerings, market presence, and pricing. These notes are financed for ten years.

Income Taxes: The Company, with the consent of its stockholders, has elected to be taxed as an S Corporation as provided by Section 1362(a) of the Internal Revenue Code (IRC). Accordingly, except for certain state and local income taxes, the Company's taxable income will be reflected in the individual income tax returns of the stockholders. Annually, the Company declares and accrues for distributions to be paid to shareholders for income taxes related to the current fiscal year's taxable income, which will be paid in the following fiscal year.

The Company accounts for uncertainty in income taxes under the provisions of Accounting Standards Codification (ASC) 740. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. At September 30, 2025 and 2024, the Company had no material accrued liabilities related to uncertain tax positions.

The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company did not have any amounts accrued for interest and penalties at September 30, 2025 and 2024.

Due to its pass-through status, the Company is not subject to U.S. federal income tax or most state income tax. The Company is no longer subject to examination by taxing authorities for years before September 30, 2022. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases: Right of use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The lease liabilities are based on the present value of fixed payments over the lease term using the implicit lease interest rate or when unknown, the risk free rate at commencement date. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Leases are classified as operating or finance, with the classification affecting the pattern and classification of expense recognition in the consolidated income statement. Certain leases include one or more options to renew. Management includes renewal periods in the lease term when it is reasonably certain the renewal option will be exercised. Real estate and vehicle leases comprise the majority of the Company's leasing activities. The Company accounts for the lease and non-lease components of these leases as a single lease component.

The Company made an accounting policy election to not recognize an ROU asset and lease liability for leases with a term shorter than 12-months.

Revenue Recognition: In accordance with ASC 606, revenue is recognized when control of the promised goods are transferred to customers, in an amount that reflects the transaction price consideration that the Company expects to receive in exchange for those goods.

The Company's industry has used scan-based trading (SBT) technology over several years to share information between the supplier and retailer. An extension of this technology allows the retailer to pay the supplier for product actually purchased by consumers as determined by the retailer's scan system rather than based on the product actually delivered to the retailer. These scan-based trade arrangements result in the Company carrying an inventory at the retailer's location, as well as entering into a shrink share arrangement with the retailer. Control of the inventory does not transfer upon delivery to the retailer because the company controls the risks and rights until the product is scanned at the reseller's register. Consequently, revenue on scan-based trading is not recognized until the product is purchased by the consumer. The Company has concluded that we are the principal.

The Company's production facilities deliver products to independent drivers ("IO" or "IOS"), who sell and deliver those products to outlets of retail accounts that are within the IOs' defined geographic territory. The IOs sell products using either SBT technology, authorized charge tickets, or cash sales. The Company recognizes deferred revenue from contracts with IOs to sell them territories they are covering. The Company defers the gain on the sale of the life of the corresponding note receivable from the IO. See Independent Distributors subnote above for further information.

In fiscal years 2025 and 2024, the Company recorded approximately \$239,800,000 and \$265,000,000, respectively, in sales through SBT. The Company has recorded deferred revenue of approximately \$2,130,000 and \$2,098,000 as of September 30, 2025 and 2024, respectively.

Except as described above, the Company recognizes revenue from the sale of product at the time of delivery to the retailer, when title and risk of loss pass to the customer.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company records estimated reductions to revenue for customer programs and incentive offerings, including special pricing agreements, price protection, promotions and other volume-based incentives at the time the incentive is offered or at the time of revenue recognition for the underlying transaction that results in progress by the customer towards earning the incentive. The recognition of costs for promotion programs involves the use of judgment related to performance and redemption estimates. The Company also records an allowance of estimated reductions for returns. Estimates are made based on historical experience and other factors. Price promotion discount expense is recorded as a reduction to gross sales when the discounted product is sold to the customer.

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in our delivering and selling expenses line item on the consolidated statements of income.

Fuel, Flour, and Wheat Commitments: The Company routinely enters into forward purchase commitment contracts for a portion of its projected flour and wheat requirements. As of September 30, 2025 and 2024, the Company had forward flour and wheat commitment contracts totaling approximately \$19,034,000 and \$22,257,000, respectively. The Company entered into forward purchase commitment for a portion of its projected fuel requirements in 2025 and 2024. As of September 30, 2025 and 2024, the Company had a forward of fuel commitment contracts totaling approximately \$2,578,000 and \$3,099,000, respectively. The Company had elected to use the normal purchase and sale exemption available under ASC 815 *Derivatives and Hedging* and, therefore, their forward purchase commitment contracts are not recorded at fair value. The Company does not expect to incur any losses based on these purchase commitments.

Reclassification: Certain amounts in the prior year's consolidated balance sheet have been reclassified to conform to current year presentation. This reclassification had no effect on net income or stockholders' equity.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to September 30, 2025 to determine the need for any adjustments to and/or disclosures within the consolidated financial statements for the year ended September 30, 2025.

Management has performed their analysis through January 30, 2026, the date the consolidated financial statements were available to be issued.

NOTE 2 – HELD-TO-MATURITY SECURITIES

The Company's securities consist principally of U.S. Treasury bonds with short-term maturities classified as held-to-maturity and are recorded at amortized cost of approximately \$2,673,000 and \$2,843,000 at September 30, 2025 and 2024, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 3 – CASH FLOWS

Supplemental disclosures of cash flow information for the year ended September 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Noncash investing and financing activities		
Issuance of notes receivable - distributor routes, offset by deferred revenue, net of adjustments	\$ 1,062,474	\$ 907,561
Accrued stockholder distributions not paid	4,909,345	8,225,656
Recognition of right of use assets and lease liabilities	9,980,296	4,370,714
Additional cash flow information		
Cash paid during year for interest	1,472,386	1,482,822
Cash paid during year for state and local income taxes	248,079	165,390

NOTE 4 – NOTES RECEIVABLE AND INDEPENDENT DISTRIBUTOR ROUTES

The Company provides direct financing to independent distributors for their purchase of territories and records the notes receivable on the consolidated balance sheets. The distributor notes are collateralized by the independent distributors' territories.

At September 30, 2025 and 2024, the carrying values for the notes receivable – distributor routes reflected in the consolidated balance sheets were as follows:

	<u>2025</u>	<u>2024</u>
Notes receivable – distributor routes	\$ 6,909,111	\$ 7,030,609
Less: Current portion of notes receivable – distributor routes	(815,186)	(804,703)
Less: Reserve for collectability of notes receivable	<u>(962,227)</u>	<u>(1,363,525)</u>
Long-term portion of notes receivable – distributor routes	<u>\$ 5,131,698</u>	<u>\$ 4,862,381</u>

At September 30, 2025 and 2024, the carrying values for the other independent operator accounts reflected in the consolidated balance sheets and statements of operations, were approximately as follows:

	<u>2025</u>	<u>2024</u>
Routes held for sale	\$ 1,384,000	\$ 1,096,000
Deferred revenue	2,130,000	2,098,000
Gains recognized from sale of territories and delivery trucks	508,000	90,000
Interest income from distributor notes receivable (reflected in other income on the consolidated income statements)	677,000	914,000
Company repurchase obligation for territories previously sold	1,040,000	2,268,000
Interest rate on notes receivable – distributor routes	8.75% to 9.75%	8.75% to 9.75%

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 5 – DEBT ARRANGEMENTS

The Company had a Credit and Security Agreement ("Credit and Security Agreement") with a commercial lender. The Credit and Security Agreement provided a term loan of \$8,000,000, advances in the form of a revolving loan up to \$25,000,000, and letters of credit up to \$2,500,000. The term loan required monthly principal payments of \$95,238 beginning June 1, 2021. The term loan, revolving loan, and letters of credit was set to mature November 30, 2023. All unpaid principal and interest was due upon maturity.

In May 2024, the Company amended their Credit and Security Agreement whereby the term loan, revolving loan, and letters of credit maturities were extended to April 2027. The term loan monthly principal payments of \$95,238 continue and any remaining outstanding borrowings are due upon maturity.

In September 2025, the Company amended their Credit and Security Agreement to provide availability on an equipment loan of \$5,500,000, increase the borrowing capacity on the revolving loan to \$30,000,000, extend the maturity date for the revolving loan to July 31, 2029. There are no borrowings on the equipment loan as of September 30, 2025. The amendment allows for the payoff of the 9/30/2025 subordinated revolving balances through 9/30/2026.

The term loan, revolving loan, and letters of credit bear interest at a variable rate for varying amounts based on SOFR or a rate not to exceed the prime rate, both rates adjusted by a factor tied to a quarterly financial performance ratio. Availability under the revolving loan is subject to a borrowing base calculation and other restrictions common in such agreements. Borrowings under the letters of credit reduce availability of the revolving loan. There was no balance outstanding on the revolving loan at September 30, 2025 and 2024, respectively. There were no outstanding borrowings on the letters of credit at September 30, 2025 and 2024.

During September 2022, the Company entered into a \$441,475 promissory note with a related party, SOBO Leasing, LLC, which is payable in monthly installments of \$8,535 and due September 30, 2027. The subordinated promissory note interest rate was 6.00% at September 30, 2025 and 2024.

During February 2023, the Company entered into two equipment term loans, payable in monthly installments of \$38,605 and \$5,489 beginning March 1, 2023 and July 1, 2023, respectively. The equipment term loans mature February 2028 and June 2028, respectively. The term loans bear a fixed interest rate of 6.43% and 7.42%, respectively.

The Company also has a subordinated revolving credit facility from stockholders up to a maximum of approximately \$7,700,000. The subordinated revolving credit facility does not have a maturity date and is therefore presented as current on the consolidated balance sheets. The subordinated revolving credit facility bears interest at 5.00% to 6.00%. Borrowings on the subordinated revolving credit facility were \$1,394,110 and \$1,973,937 as of September 30, 2025 and 2024, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 5 – DEBT ARRANGEMENTS (Continued)

The table below reflects the Company's long-term debt at September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
\$441,475 promissory note, payable in monthly installments of \$8,535 beginning November 1, 2022 through September 30, 2027. The interest rate at September 30, 2025 was 6.00%.	\$ 192,572	\$ 280,552
\$8,000,000 term loan, payable in monthly installments of \$95,238 beginning June 1, 2021 through April 30, 2027. The effective interest rate at September 30, 2025 was 7.33%.	1,571,429	2,714,286
\$318,587 term loan, payable in monthly installments of \$5,489 beginning in July 1, 2023 through June 1, 2028. The effective interest rate as of September 30, 2025 was 7.42%.	214,698	261,632
\$2,281,413 term loan, payable in monthly installments of \$38,605 beginning in March 1, 2023 through February 1, 2028. The effective interest rate as of September 30, 2025 was 6.94%.	1,410,766	1,762,060
	3,389,465	5,018,530
Less: current portion	<u>(1,735,873)</u>	<u>(1,704,850)</u>
Long-term obligations	<u>\$ 1,653,592</u>	<u>\$ 3,313,680</u>

The future maturities of long-term debt are as follows as of September 30:

2026	\$ 1,735,873
2027	986,995
2028	<u>666,597</u>
	<u>\$ 3,389,465</u>

Generally, all plant machinery and equipment, excluding certain equipment under financing leases, are pledged as collateral under the bank agreement, along with accounts receivable and inventory. The bank agreement contains a negative pledge on essentially all other assets.

The Company's credit agreements contain restrictive covenants common to such agreements including the maintenance of fixed charge coverage and undrawn availability requirements, as well as limitations on incurring additional debt, capital expenditures, and making loans, advances, and investments. As of September 30, 2025, the Company was in compliance with covenants.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 6 – LEASES

The Corporation's primary leasing activities were related to office space, production facilities (including previously held sale-leaseback agreements (Note 11), and certain Corporation vehicles and equipment with various maturity dates until May 2043. Some lease agreements contain annual increases ranging to 2.0%.

Total lease expense, inclusive of lease expense to related parties, approximated \$11,642,000 and \$10,970,000 for the years ended September 30, 2025 and 2024, respectively. Short-term lease expense was approximately \$4,464,000 and \$5,165,000 for the years ended September 30, 2025 and 2024, respectively. Lease expense for operating leases to third-party lessors with lease terms in excess of 12-months approximated \$5,500,000 and \$4,189,000 for the years ended September 30, 2025 and 2024, respectively. Lease expense for operating leases to related party lessors with lease terms in excess of 12-months approximated \$1,679,000 and \$1,615,000 for the years ended September 30, 2025 and 2024, respectively.

The following table represents the weighted-average remaining lease term and discount rate as of September 30, 2025 and 2024:

	2025	2024
Weighted average remaining lease term (years)	5.94	6.86
Weighted average discount rate	4.77%	3.74%

Future undiscounted lease payments for the Corporation's lease liabilities are as follows as of September 30, 2025:

	<u>Related Parties</u>	<u>Third Parties</u>	<u>Total</u>
2026	\$ 1,572,173	\$ 5,213,905	\$ 6,786,078
2027	1,300,726	4,290,008	5,590,734
2028	1,183,425	3,371,111	4,554,536
2029	999,887	2,354,270	3,354,157
2030	724,231	1,117,252	1,841,483
Thereafter	<u>4,588,222</u>	<u>642,239</u>	<u>5,230,461</u>
Total future lease payments	10,368,664	16,988,785	27,357,449
Less: imputed interest	<u>1,634,037</u>	<u>1,761,796</u>	<u>3,395,833</u>
Present value of lease liabilities	8,734,627	15,226,989	23,961,616
Less: Lease liabilities, current	<u>1,282,610</u>	<u>4,547,219</u>	<u>5,829,829</u>
Lease liabilities, non-current	<u>\$ 7,452,017</u>	<u>\$ 10,679,770</u>	<u>\$ 18,131,787</u>

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 7 – RETIREMENT PLANS

During 2015, the Company negotiated an exit from one of its multiemployer defined benefit pension plans resulting in a pension withdrawal obligation expense of \$6,285,098. The amount recorded represents the present value of the established payments, at 6.5% interest. The payment plan requires monthly payments of \$46,860 per month, principal and interest, for 240 months, or 20 years, starting November 1, 2015 with a final payment due on October 1, 2035.

During 2016, the Company negotiated a partial exit from one of its multiemployer defined benefit pension plans resulting in a pension withdrawal obligation expense of \$2,092,477. The amount recorded represents the present value of the estimated payments, at 7.5% interest. The expected payment plan is based on monthly payments of \$16,857, principal and interest, for 240 months or 20 years. Partial withdrawal payments were expected to begin in fiscal year 2018.

During 2018, the Company negotiated the remaining exit from the multiemployer defined benefit pension plan noted above, resulting in an additional pension withdrawal obligation expense of \$6,318,741. The amount recorded represents the present value of the estimated payments, at 6.72% interest. The expected payment plan is based on additional quarterly payments of \$144,144, principal and interest, for 80 quarters or 20 years, starting March 11, 2019 with final due payment on December 11, 2038.

Due to the 2018 exit of the multiemployer defined pension plan, the 2016 defined pension plan exit obligation was updated to \$2,228,268 and the payment schedule was restructured into quarterly payments of \$50,832, principal and interest, for 80 quarters or 20 years, starting March 11, 2019 with final due payment on December 11, 2038. The interest rate was also amended to 6.72%.

The Company maintains two defined contribution 401(k) plans covering substantially all administrative employees as well as all union employee groups. Company contributions to the administrative employees' 401(k) plan are discretionary. Company contributions to the union employee groups' 401(k) plan are determined by the union contracts. Expense related to these plans are accrued and charged to operations when incurred.

The Company also participates in a defined benefit retirement plan (Defined Benefit Plan) covering certain union employees and a defined benefit postretirement health care plans (Health Plans). The Company contributions and related expense for the Defined Benefit Plan is determined by the union contract. The Health Plans are contributory whereby retirees contribute a flat amount per month based on the previous year's cost per retiree in excess of a specified amount to be covered by the Company per the union agreements. The Health Plans are unfunded. Given the immateriality of these plans, the Company has elected not to present all required ASC 715 *Compensation – Retirement Benefits* disclosure information.

Total 401(k) retirement plan costs charged to operations in 2025 and 2024 approximated \$4,507,000 and \$4,503,000, respectively. Total Health Plan net periodic expense charged to operations in 2025 and 2024 approximated \$111,000 and \$47,000, respectively. Total Defined Benefit Plan net periodic income approximated \$99,000 and \$74,000 in 2025 and 2024, respectively.

The Defined Benefit Plan was overfunded by \$1,041,869 and \$919,329 at September 30, 2025 and 2024, respectively. The Health Plans were underfunded by \$1,572,172 and \$1,810,865 at September 30, 2025 and 2024, respectively. The measurement date used to determine the benefit obligations of each Plan was each September 30.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 8 – DEFERRED COMPENSATION

The Company maintains a deferred compensation plan for certain key employees. Under the plan the Company contributes a portion of its yearly adjusted net profits as determined by a committee appointed by the Board of Directors. Generally, the employees vest in a portion of the amount contributed after five year increments of participation in the plan. Deferred compensation expense for the yearly contribution is included in general and administrative expenses. The Company has recorded accrued deferred compensation of approximately \$6,972,000 and \$5,336,000 to other long-term liabilities on the consolidated balance sheets as of September 30, 2025 and 2024, respectively.

NOTE 9 – LITIGATION

The Company is subject to various legal proceedings and claims. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations or liquidity of the Company.

NOTE 10 – CUSTOMER CONCENTRATION

Three customers accounted for 55% of the Company's net sales for the years ended September 30, 2025 and 2024, respectively. Three customer accounted for 59% and 60% of total trade receivables as of September 30, 2025 and 2024, respectively.

NOTE 11 – SALE LEASEBACK TRANSACTIONS

During 2019, the Company entered into a sale and leaseback transaction with an external party. The Company sold land and buildings in exchange for cash totaling \$11,000,000, with net proceeds approximating \$10,800,000 after closing costs, and leases the property back. The lease term is for 10 years at a monthly cost approximately \$91,804 through October 2020 and increasing to \$102,664 through May 2029. The lease is an operating lease and is included in the minimum lease payment schedule in Note 6. The lessee is responsible for all maintenance, insurance and taxes on the property. The transaction resulted in a net gain on sale of the property approximating \$1,154,000, which was included in other liabilities and is being amortized over the life of the corresponding lease.

During 2020, the Company entered into a sale and leaseback transaction with an external party. The Company sold land and buildings in exchange for cash totaling \$4,600,000, with net proceeds approximating \$4,200,000 after closing costs, and leases the property back. The lease term is for 20 years at a monthly cost approximately \$21,551 starting February 2020 and increasing to \$45,780 through February 2040. The lessee is responsible for all maintenance, insurance and taxes on the property. The transaction resulted in a net gain on sale of the property approximating \$2,234,000, which was included in other liabilities and is being amortized over the life of the corresponding lease.

The lease is an operating lease and is included in the adoption of ASC 842 (Note 6). The balance of the deferred gain was approximately \$2,121,000 and \$2,368,000 at September 30, 2025 and 2024, respectively, which is recorded in accrued expenses (short term) and other liabilities (long term) on the consolidated balance sheets.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 12 – ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income components were as follows at September 30, 2025 and 2024:

	Unrealized Gains on Securities	Benefit Plans	Accumulated Other Comprehensive Income
October 1, 2023	\$ 2	\$ 1,117,522	\$ 1,117,524
Current-period change	<u>-</u>	<u>281,065</u>	<u>281,065</u>
September 30, 2024	2	1,398,587	1,398,589
Current-period change	<u>-</u>	<u>359,922</u>	<u>359,922</u>
September 30, 2025	<u>\$ 2</u>	<u>\$ 1,758,509</u>	<u>\$ 1,758,511</u>

NOTE 13 – INTEREST RATE SWAPS

In 2021, the Company entered into an interest rate swap agreement that was designed to hedge the Company's risk against rising interest rates related to its floating rate debt obligations (Note 5). The notional amount of the agreement is reduced throughout the term of the agreement in proportion to the scheduled principal reductions of the related debt obligations being hedged. The initial notional amount of the agreement was \$4,000,000 and expired November 30, 2023. The agreement required the Company to pay a fixed rate of 1.30% and receive 30 day LIBOR. In 2022, the Company entered into additional interest rate swap agreements that are also designated to hedge the Company's risk against rising interest rates related to its floating debt obligations (Note 5). Similarly, the notional amounts of the agreements are reduced throughout the term of the agreements in proportion to the scheduled principal reductions of the related debt obligations being hedged. The initial notional amounts of the agreements were \$2,000,000, \$4,000,000, and \$4,000,000 and all expired November 30, 2023. The agreements required the Company to pay a fixed rate of 2.11%, 2.11%, and 2.81%, respectively, and receive 30 day LIBOR.

In February 2023, the Company entered into four additional interest rate swap agreements that were also intended to hedge the Company's risk against rising interest rates related to its floating debt obligations (Note 5) with terms noted below. The agreements required the Company to pay a fixed rate and receive a one month SOFR term.

In February 2023, the Company discontinued hedge accounting as the previous interest rate swap agreements entered into in 2022 and 2021 were amended or terminated and the interest rates swaps entered into in 2023 were not effective in offsetting changes in cash flows of the floating rate debt obligations. The Company carries the derivative at fair value in the consolidated financial statements, recognizing changes in fair value in current period income in the consolidated statements of income.

The fair value of the derivatives designated as hedging instruments was \$(6,774) and \$(62,678) September 30, 2025 and 2024, respectively. The fair value of the derivative (liability) asset was classified to current liabilities and current assets as of September 30, September 30, 2025 and 2024, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 13 – INTEREST RATE SWAPS (Continued)

The details of these derivative instruments designated as hedging instruments on the consolidated statements of operations was as follows:

<u>Derivatives Designated as Hedging Instruments</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Fixed Interest</u>
Interest rate swap	\$ 4,000,000	12/31/2025	\$ (4,093)	4.47%
Interest rate swap	2,000,000	12/31/2025	(2,530)	4.42%
Interest rate swap	<u>4,000,000</u>	<u>12/31/2025</u>	<u>(151)</u>	<u>4.05%</u>
	<u>\$ 10,000,000</u>		<u>\$ (6,774)</u>	

The impact of these derivative instruments designated as hedging instruments on the consolidated statements of operations was as follows:

	<u>2025</u>	<u>2024</u>
Interest (income) expense - Ineffective portion	\$ (13,445)	\$ (147,580)
Gain recognized in net income - Ineffective portion	(55,904)	239,862

NOTE 14 – RELATED PARTY TRANSACTIONS

The Company has subordinated debt through stockholders and has various leases with related parties. Refer to Note 5 and Note 6 for further information of the related party debt and lease transactions, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 15 – STOCKHOLDERS' EQUITY

Changes in stockholders' equity for the years ended September 30, 2025 and 2024 is as follows:

	Voting Common Stock		Non-voting Common Stock		Contributed Capital	Accumulated Other Com- prehensive Income	Retained Earnings (Accumulated Deficit)	Total Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance October 1, 2023	31,406	\$ 15,703	3,423,254	\$ 141,327	\$ 8,070,989	\$ 1,117,524	\$ 6,501,368	\$ 15,846,911
Net income	-	-	-	-	-	-	23,227,730	23,227,730
Other comprehensive income change in benefit plans, net	-	-	-	-	-	281,065	-	281,065
Distribution to stockholders	-	-	-	-	-	-	(12,497,403)	(12,497,403)
Balance September 30, 2024	31,406	15,703	3,423,254	141,327	8,070,989	1,398,589	17,231,695	26,858,303
Net income	-	-	-	-	-	-	23,779,142	23,779,142
Other comprehensive income change in benefit plans, net	-	-	-	-	-	359,922	-	359,922
Distribution to stockholders	-	-	-	-	-	-	(10,064,599)	(10,064,599)
Balance September 30, 2025	31,406	\$ 15,703	3,423,254	\$ 141,327	\$ 8,070,989	\$ 1,758,511	\$ 30,946,238	\$ 40,932,768

Both the voting and non-voting common stock have no par value. At September 30, 2025 and 2024, the voting common stock had 31,406 shares authorized, while the non-voting common stock had 3,423,254 shares authorized.

PERFECTION BAKERIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

PERFECTION BAKERIES, INC.
Fort Wayne, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Perfection Bakeries, Inc.
Fort Wayne, Indiana

Opinion

We have audited the consolidated financial statements of Perfection Bakeries, Inc., which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of income, comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Perfection Bakeries, Inc. as of September 30, 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 (GAAS). 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 Perfection Bakeries, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Perfection Bakeries, Inc.'s ability to continue as a going concern for one year from the date the consolidated 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 consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Perfection Bakeries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Perfection Bakeries, Inc.'s ability to continue as a going concern for a reasonable period of time.

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


Crowe LLP

Fort Wayne, Indiana
January 31, 2025

CONSOLIDATED FINANCIAL STATEMENTS

PERFECTION BAKERIES, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 13,448,624	\$ 7,799,651
Marketable securities	2,843,259	67,400
Routes held for sale	1,096,406	1,720,086
Receivables		
Trade	26,434,283	29,360,841
Current maturities of notes receivable – distributor routes	804,703	770,663
Other	114,056	159,337
	<u>27,353,042</u>	<u>30,290,841</u>
Less: Allowance for credit losses/customer deductions	<u>3,385,937</u>	<u>3,154,008</u>
	23,967,105	27,136,833
Inventories, net	15,323,181	14,157,347
Prepaid expenses and other assets	4,515,283	2,899,113
Total current assets	<u>61,193,858</u>	<u>53,780,430</u>
Property, plant and equipment, at cost		
Land improvements	2,538,132	2,546,882
Buildings and leasehold improvements	26,293,901	26,063,406
Machinery and equipment	117,439,946	115,716,590
Furniture and fixtures	1,589,426	1,018,126
Computer hardware and software	10,851,862	10,331,975
Delivery and automotive equipment	11,656,078	12,797,586
	<u>170,369,345</u>	<u>168,474,565</u>
Less: accumulated depreciation and amortization	<u>139,967,410</u>	<u>135,837,503</u>
	30,401,935	32,637,062
Construction in progress	6,691,112	3,102,063
Land	2,446,173	2,471,173
	<u>39,539,220</u>	<u>38,210,298</u>
Notes receivable – distributor routes, less current maturities, net	4,862,381	3,256,368
Right of use assets	20,264,988	20,972,254
Other assets	769,267	854,588
Noncurrent assets held for sale	25,000	-
	<u>126,654,714</u>	<u>117,073,938</u>
Total assets	<u>\$ 126,654,714</u>	<u>\$ 117,073,938</u>

(Continued)

PERFECTION BAKERIES, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current liabilities		
Current maturities of long-term obligations	\$ 1,704,850	\$ 1,677,001
Subordinated revolving credit facility	1,973,937	2,740,852
Current portion of pension plan withdrawal liability	578,437	541,636
Accounts payable	21,890,353	24,501,524
Accrued expenses	26,086,770	22,040,792
Lease liability, current	4,691,689	4,481,275
Deferred revenue	835,063	864,603
Total current liabilities	57,761,099	56,847,683
Long-term obligations, less current maturities	3,313,680	6,414,044
Deferred revenue, long-term	1,263,177	534,139
Accrued postretirement life and health benefits and pension plan	4,079,343	3,698,115
Pension plan withdrawal liability	11,168,457	11,746,895
Lease liability, long-term	14,781,089	15,696,871
Other liabilities	7,429,566	6,289,280
Total liabilities	99,796,411	101,227,027
STOCKHOLDERS' EQUITY		
Common stock, voting	15,703	15,703
Common stock, non-voting	141,327	141,327
Contributed capital	8,070,989	8,070,989
Accumulated other comprehensive income	1,398,589	1,117,524
Retained earnings	17,231,695	6,501,368
Total stockholders' equity	26,858,303	15,846,911
Total liabilities and stockholders' equity	\$ 126,654,714	\$ 117,073,938

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
Years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net sales	\$ 462,702,057	\$ 437,724,626
Cost of sales	<u>311,115,028</u>	<u>299,549,850</u>
Gross profit	151,587,029	138,174,776
Delivery and selling expenses	111,831,049	108,955,391
General and administrative expenses	<u>17,089,570</u>	<u>14,726,187</u>
Income before interest and other (expense) income	22,666,410	14,493,198
Other income (expense):		
Interest expense	(1,449,065)	(1,905,309)
Other income, net	<u>2,242,411</u>	<u>1,881,252</u>
Total other income (expense)	<u>793,346</u>	<u>(24,057)</u>
Income before income tax expense	23,459,756	14,469,141
Income tax expense	<u>232,026</u>	<u>269,444</u>
Net income	<u><u>\$ 23,227,730</u></u>	<u><u>\$ 14,199,697</u></u>

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net income	\$ 23,227,730	\$ 14,199,697
Other comprehensive income (loss)		
Interest rate swap	-	(281,013)
Change in benefit plans, net	<u>281,065</u>	<u>556,711</u>
	<u>281,065</u>	<u>275,698</u>
Comprehensive income	<u>\$ 23,508,795</u>	<u>\$ 14,475,395</u>

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operations		
Net income	\$ 23,227,730	\$ 14,199,697
Adjustments to reconcile net income to net cash provided by operations		
Depreciation and amortization	8,028,212	8,371,434
Lease expense	5,077,980	6,704,501
Gain from property disposal	(44,215)	(339,370)
Change in assets and liabilities:		
Receivables, net	3,203,768	(3,671,470)
Inventories, net	(1,165,834)	(972,290)
Prepaid expenses	(1,616,170)	(1,064,138)
Other assets	777,112	(115,533)
Accounts payable	(2,611,171)	1,925,254
Pension plan withdrawal liability	(541,637)	(507,177)
Lease payable	(5,076,082)	(7,099,381)
Accrued expenses and other liabilities	<u>2,349,494</u>	<u>(508,861)</u>
Net cash provided by operations	31,609,187	16,922,666
Cash flows from investing activities		
Capital expenditures	(9,556,478)	(6,639,634)
Investment purchases	(2,775,859)	-
Payments received from notes receivable	(800,603)	711,589
Proceeds received from sale of property	<u>218,559</u>	<u>310,028</u>
Net cash used for investing activities	(12,914,381)	(5,618,017)
Cash flows from financing activities		
Borrowings on line of credit	-	74,936,095
Payments on line of credit	-	(80,640,650)
(Payments) borrowings on subordinated revolving credit facility	(766,915)	288,402
Proceeds from issuance of long-term obligations	-	2,600,000
Principal payments on long-term obligations	(3,072,515)	(1,426,620)
Distributions paid to stockholders	<u>(9,206,403)</u>	<u>-</u>
Net cash used for financing activities	(13,045,833)	(4,242,773)
Net increase in cash	5,648,973	7,061,876
Cash and cash equivalents, beginning of year	<u>7,799,651</u>	<u>737,775</u>
Cash and cash equivalents, end of year	<u>\$ 13,448,624</u>	<u>\$ 7,799,651</u>

See accompanying notes to consolidated financial statements.

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The consolidated financial statements contain the accounts of Perfection Bakeries, Inc., Perfection Distribution LLC, Perfection Associates LLC, and First Capital Acceptance Corporation, (collectively, the "Company") which operate under common management and are of common ownership. Perfection Distribution LLC, Perfection Associates LLC, and First Capital Acceptance Corp., are all 100% wholly owned subsidiaries of Perfection Bakeries, Inc. Perfection Bakeries, Inc. produces and distributes various bread, bun and bakery products throughout the Midwest, predominantly in Indiana, Michigan, Illinois, Kentucky, Wisconsin, and Ohio. The Company also sells its product nationally and internationally through its Bakehouse division, which is the Company's frozen baked goods division, representing approximately 23% and 21% of the Company's total net sales for the years ended September 30, 2024 and 2023, respectively. Perfection Distribution LLC operates as the transportation distribution function for Perfection Bakeries, Inc. as a "carrier for hire" and results in maximizing savings related to sales and use tax. Effective December 1, 2023, Perfection Bakeries, Inc. and Perfection Associates LLC entered into an agreement and plan of merger Perfection Associates LLC merged with and into Perfection Bakeries, Inc. Prior to December 1, 2023, Perfection Associates LLC functioned as an employee leasing company, which leases employees back to Perfection Bakeries, Inc. and Perfection Distribution LLC. First Capital Acceptance Corporation serves as the finance company for the routes that are sold to independent distributors (see Note 4).

All significant intercompany account balances and transactions have been eliminated in the consolidated financial statements.

Marketable Securities: Interest and dividends from marketable securities are included in income as earned. Realized gains (losses) on sales of marketable securities are determined using the specific identification method. Unrealized holding gains and losses on available for sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until realized.

Marketable securities are exposed to various risks and rewards, such as interest rate, market, and credit risks. Due to these risks and rewards associated with certain marketable securities, it is possible that changes in the values of marketable securities may occur and that such changes could affect the amounts reported on the consolidated balance sheets. Securities with declines in fair value below amortized cost that are other than temporary are written down to fair value by a charge to earnings.

Independent Distributors: The Company may repurchase territories from and sell territories to independent distributors periodically. At the point of repurchasing or selling, territories are valued at fair market value, which is generally determined as a multiple of average weekly sales. When the Company sells a new territory to an independent distributor, all revenue is deferred and then recognized over the ten year life of the corresponding note receivable from the distributor as cash is received. The Company repurchases territories from independent distributors in circumstances when the Company decides to exit a territory, when the distributor elects to terminate its relationship with the Company, or when the Company needs to reorganize territories. In the event the Company decides to exit a territory or ceases to utilize the independent distribution form of doing business, it is obligated to repurchase the territory from the independent distributor. In the event an independent distributor terminates its relationship with the Company, the Company, although not legally obligated, normally repurchases and operates that territory as a Company-owned territory until such time as the Company is able to find a new prospective independent operator to purchase the territory. At the time the Company purchases a territory from an independent distributor, the fair value purchase price of the territory is recorded as "Routes held for sale."

Upon the sale of a repurchased territory to an independent distributor, a note receivable of ten years is recorded for the sales price of the territory with a corresponding credit to Routes held for sale to relieve the carrying amount of the territory. If the new note receivable is in excess of the territory's carrying value, the gain is deferred and recognized over the life of the new note receivable, which is ten years. If the new note receivable is less than the carrying amount of the territory, a loss is recorded at the date of the sale in other income in the consolidated statements of operations. All losses are recorded at the date of the sale and any impairment of a route held for sale is recorded at such time when the impairment occurs.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent to the purchase of a territory by the distributor, in accordance with the terms of the distributor arrangement, in situations when the Company has offered a twelve-month buyback option, the independent distributor has the right to require the Company to repurchase the territory and truck, if applicable, at the original purchase price within the twelve-month period following the date of sale. If the truck is leased, the Company will assume the lease if the territory is repurchased during the first twelve-month period. Should the independent distributor wish to sell the territory after the twelve-month period has expired, the Company has the right of first refusal, as well as the option to purchase the territory for the current fair market value, as previously defined. During the twelve-month buyback option period, the Company does not recognize any income it normally would from usual amortization of deferred revenue as a result of payments on the notes receivable.

Delivery and Selling Expenses: Expenses included in delivery and selling expenses consist predominantly of shipping and handling costs.

Cash and Cash Equivalents: The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The Company places its cash with high credit quality financial institutions. Cash balances generally exceed insurance provided on such deposits.

Recently Adopted Accounting Pronouncement: On October 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard replaces existing financial asset impairment guidance with the current expected credit loss ("CECL") methodology. Under the CECL methodology, the Company must estimate the expected credit losses on applicable financial assets considering the risk of loss over their contractual lives and incorporating reasonable and supportable forecasts of key inputs in addition to historical credit loss trends and current conditions. The effects of this ASU did not materially impact the Company's consolidated financial statements.

Accounts Receivable: The Company sells to customers using credit terms customary in its industry. Interest is not normally charged on receivables.

Allowance for Credit Losses: Management establishes an allowance for credit losses on financial assets based on consideration of historical loss information, current economic conditions and reasonable and supportable forecasts of future economic conditions. Management recognizes an allowance for expected credit losses such that the net carrying amount of the financial assets presented on the Company's consolidated balance sheets represents the amount expected to be collected.

Inventory Valuation: The Company values its inventory at lower of cost and net realizable value using the first-in, first-out (FIFO) method. In addition to baking ingredients, wrapping supplies and finished goods, the Company maintains inventories of spare parts and supplies, which are used for repairs and maintenance of its plant machinery and equipment and delivery and automotive equipment. These spare parts and supplies allow the company to react quickly in the event of a mechanical breakdown. Inventories consist of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Raw materials	\$ 6,429,552	\$ 7,490,153
Finished goods	7,442,580	4,864,436
Supply inventory	2,220,103	2,328,534
Inventory reserve	<u>(769,054)</u>	<u>(525,776)</u>
	<u>\$ 15,323,181</u>	<u>\$ 14,157,347</u>

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs: Costs for advertising, including television, print media, radio media and customer promotions, are expensed as they are incurred. Advertising costs for the years ended September 30, 2024 and 2023 were \$2,429,459 and \$1,412,628, respectively.

Property, Plant and Equipment: Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Company is depreciating land improvements over periods of 5 to 40 years, building and leasehold improvements over periods of the shorter of the lease term or 1 to 40 years, machinery and equipment over periods of 1 to 15 years, furniture and fixtures and computer hardware and software over periods of 3 to 20 years, and delivery and automotive equipment over a period of 1 - 5 years. Upon retirement or sale of assets, the cost of the disposed assets and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs and minor renewals are charged to expense; betterments and major renewals are capitalized.

The Company reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If these future undiscounted cash flows are less than the carrying value of the asset, then the carrying amount of the asset is written down to its fair value, based on the related estimated discounted future cash flows. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property, plant and equipment is used and the effects of obsolescence, demand, competition and other economic factors.

Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates. Actual results could differ positively or negatively from those estimates. Certain significant estimates and assumptions used in the preparation of the Company's consolidated financial statements include those used for: fair value measures, allowances for doubtful accounts, inventory valuation, worker's compensation and pension and post-retirement health plans.

Fair Values: The fair value of cash and cash equivalents, accounts and notes receivable, long-term obligations and accounts payable approximates carrying value because of the short-term maturities of these financial instruments, or underlying interest rates, where applicable, approximate market for the same or similar issues. The carrying values of the revolving line of credit and the long-term obligations, approximate fair values, as the notes bear interest at rates, which are available to the Company, for notes with similar terms and maturities.

Notes receivable are entered into in connection with the sale of distributors' territories to independent distributors. The Company requires all independent distributors to sign an assignment of receivables document which allows the Company to collect the note receivable payments due from the distributors from their weekly settlements with the Company. Additionally, the notes receivable are collateralized by the territories purchased with the notes and are recorded in the consolidated balance sheet at carrying value, which represents the closest approximation of fair value. Management periodically evaluates the notes receivable against the territory fair market value formula defined below to determine if an adjustment is needed for a valuation and / or collectability allowance.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The appropriate interest rate that is traditionally used to estimate the fair value of a note receivable is normally the prevailing market rate at which similar loans would be made to distributors with similar credit rating and terms.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

There is a limited external market for financing independent distributor notes and as is common in the marketplace for companies that offer independent distributor programs, the Company provides, through First Capital Acceptance Corporation ("First Capital"), the financing program for the independent distributor program, rather than a bank financed program. Additionally, while First Capital, as part of its financing processes, collects the financial history and credit risks of a potential independent operator, such information is not the primary factor in determining the interest rate to apply to the notes. First Capital has a fixed rate of interest, as adjusted from time to time based on changes in the market, which it believes is sufficiently high to cover even the riskiest of independent operators. The fact that the independent operator signs an assignment of receivable, and that the notes are collateralized by the territories decreases the risk of loss. The underlying value of each territory is determined by how well an independent operator services and grows the territory, as well as the Company's business relationships with the various accounts in the territory, the product offerings, market presence, and pricing. These notes are financed for ten years.

Income Taxes: The Company, with the consent of its stockholders, has elected to be taxed as an S Corporation as provided by Section 1362(a) of the Internal Revenue Code (IRC). Accordingly, except for certain state and local income taxes, the Company's taxable income will be reflected in the individual income tax returns of the stockholders. Annually, the Company declares and accrues for distributions to be paid to shareholders for income taxes related to the current fiscal year's taxable income, which will be paid in the following fiscal year.

The Company accounts for uncertainty in income taxes under the provisions of Accounting Standards Codification (ASC) 740. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. At September 30, 2024 and 2023, the Company had no material accrued liabilities related to uncertain tax positions.

The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company did not have any amounts accrued for interest and penalties at September 30, 2024 and 2023.

Due to its pass-through status, the Company is not subject to U.S. federal income tax or most state income tax. The Company is no longer subject to examination by taxing authorities for years before September 30, 2021. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Leases: Right of use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The lease liabilities are based on the present value of fixed payments over the lease term using the implicit lease interest rate or when unknown, the risk free rate at commencement date. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Leases are classified as operating or finance, with the classification affecting the pattern and classification of expense recognition in the consolidated income statement. Certain leases include one or more options to renew. Management includes renewal periods in the lease term when it is reasonably certain the renewal option will be exercised. Real estate and vehicle leases comprise the majority of the Company's leasing activities. The Company accounts for the lease and non-lease components of these leases as a single lease component.

The Company made an accounting policy election to not recognize an ROU asset and lease liability for leases with a term shorter than 12-months.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: The Company adopted Accounting Standards Codification Topic 606, *Revenues from Contracts with Customers* (ASC 606) on October 1, 2020. In accordance with ASC 606, revenue is recognized when control of the promised goods are transferred to customers, in an amount that reflects the transaction price consideration that the Company expects to receive in exchange for those goods.

The Company's industry has used scan-based trading (SBT) technology over several years to share information between the supplier and retailer. An extension of this technology allows the retailer to pay the supplier for product actually purchased by consumers as determined by the retailer's scan system rather than based on the product actually delivered to the retailer. These scan-based trade arrangements result in the Company carrying an inventory at the retailer's location, as well as entering into a shrink share arrangement with the retailer. Control of the inventory does not transfer upon delivery to the retailer because the company controls the risks and rights until the product is scanned at the reseller's register. Consequently, revenue on scan-based trading is not recognized until the product is purchased by the consumer. The Company has concluded that we are the principal.

The Company's production facilities deliver products to independent drivers ("IO" or "IOS"), who sell and deliver those products to outlets of retail accounts that are within the IOs' defined geographic territory. The IOs sell products using either SBT technology, authorized charge tickets, or cash sales. The Company recognizes deferred revenue from contracts with IOs to sell them territories they are covering. The Company defers the gain on the sale of the life of the corresponding note receivable from the IO. See Independent Distributors subnote above for further information.

In fiscal years 2024 and 2023, the Company recorded approximately \$265,000,000 and \$263,000,000, respectively, in sales through SBT. The Company has recorded deferred revenue of approximately 2,098,000 and \$1,400,000 as of September 30, 2024 and 2023, respectively.

Except as described above, the Company recognizes revenue from the sale of product at the time of delivery to the retailer, when title and risk of loss pass to the customer.

The Company records estimated reductions to revenue for customer programs and incentive offerings, including special pricing agreements, price protection, promotions and other volume-based incentives at the time the incentive is offered or at the time of revenue recognition for the underlying transaction that results in progress by the customer towards earning the incentive. The recognition of costs for promotion programs involves the use of judgment related to performance and redemption estimates. The Company also records an allowance of estimated reductions for returns. Estimates are made based on historical experience and other factors. Price promotion discount expense is recorded as a reduction to gross sales when the discounted product is sold to the customer.

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in our delivering and selling expenses line item on the consolidated statements of income.

Fuel, Flour, and Wheat Commitments: The Company routinely enters into forward purchase commitment contracts for a portion of its projected flour and wheat requirements. As of September 30, 2024 and 2023, the Company had forward flour and wheat commitment contracts totaling approximately \$22,257,000 and \$27,308,000, respectively. The Company entered into forward purchase commitment for a portion of its projected fuel requirements in 2024 and 2023. As of September 30, 2024 and 2023, the Company had a forward of fuel commitment contracts totaling approximately \$3,099,000 and \$4,275,000, respectively. The Company had elected to use the normal purchase and sale exemption available under ASC 815 *Derivatives and Hedging* and, therefore, their forward purchase commitment contracts are not recorded at fair value. The Company does not expect to incur any losses based on these purchase commitments.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification: Certain amounts in the prior year's consolidated balance sheet have been reclassified to conform to current year presentation. This reclassification had no effect on net income or stockholders' equity.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to September 30, 2024 to determine the need for any adjustments to and/or disclosures within the consolidated financial statements for the year ended September 30, 2024.

Management has performed their analysis through January 31, 2025, the date the consolidated financial statements were available to be issued.

NOTE 2 – MARKETABLE SECURITIES

For purposes of valuing marketable securities, the Company follows guidance of ASC 820 *Fair Value Measurement* which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This requirement establishes a fair value hierarchy regarding the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This requirement establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The requirement describes three levels of inputs that may be used to measure fair value.

The three levels of fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

All marketable securities are classified as available for sale and are carried at fair value, determined using level 1 inputs. The investments consist principally of common stock, treasury bonds and mutual funds and had a cost of approximately \$2,843,000 and \$67,000 at September 30, 2024 and 2023, respectively. Fair value approximated \$2,843,000 and \$67,400 at September 30, 2024 and 2023, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 3 – CASH FLOWS

Supplemental disclosures of cash flow information for the year ended September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Noncash investing and financing activities		
Issuance of notes receivable - distributor routes, offset by deferred revenue, net of adjustments	\$ 907,561	\$ 665,946
Accrued stockholder distributions not paid	3,291,000	4,946,915
Additional cash flow information		
Cash paid during year for interest	1,482,822	1,786,912
Cash paid during year for state and local income taxes	165,390	133,484
Recognition of right of use assets and lease liabilities	4,370,714	27,277,527

NOTE 4 – NOTES RECEIVABLE AND INDEPENDENT DISTRIBUTOR ROUTES

The Company provides direct financing to independent distributors for their purchase of territories and records the notes receivable on the consolidated balance sheets. The distributor notes are collateralized by the independent distributors' territories.

At September 30, 2024 and 2023, the carrying values for the notes receivable – distributor routes reflected in the consolidated balance sheets were as follows:

	<u>2024</u>	<u>2023</u>
Notes receivable – distributor routes	\$ 7,030,609	\$ 4,890,330
Less: Current portion of notes receivable – distributor routes	(804,703)	(770,663)
Less: Reserve for collectability of notes receivable	<u>(1,363,525)</u>	<u>(863,299)</u>
Long-term portion of notes receivable – distributor routes	<u>\$ 4,862,381</u>	<u>\$ 3,256,368</u>

At September 30, 2024 and 2023, the carrying values for the other independent operator accounts reflected in the consolidated balance sheets and statements of operations, were approximately as follows:

	<u>2024</u>	<u>2023</u>
Routes held for sale	\$ 1,096,406	\$ 1,720,086
Deferred revenue	2,098,000	1,399,000
(Losses)/Gains recognized from sale of territories and delivery trucks	(89,851)	(170,920)
Interest income from distributor notes receivable (reflected in other income on the consolidated income statements)	913,501	485,497
Company repurchase obligation for territories previously sold	2,268,021	440,000
Interest rate on notes receivable – distributor routes	8.75% to 9.75%	8.75% to 9.75%

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 5 – DEBT ARRANGEMENTS

The Company had a Credit and Security Agreement (“Credit and Security Agreement”) with a commercial lender. The Credit and Security Agreement provided a term loan of \$8,000,000, advances in the form of a revolving loan up to \$25,000,000, and letters of credit up to \$2,500,000. The term loan required monthly principal payments of \$95,238 beginning June 1, 2021. The term loan, revolving loan, and letters of credit was set to mature November 30, 2023. All unpaid principal and interest was due upon maturity.

In May 2024, the Company amended their Credit and Security Agreement (“Amended Credit and Security Agreement”) whereby the term loan, revolving loan, and letters of credit maturities were extended to April 2027. The term loan monthly principal payments of \$95,238 continue and any remaining outstanding borrowings are due upon maturity.

The term loan, revolving loan, and letters of credit bear interest at a variable rate for varying amounts based on LIBOR or a rate not to exceed the prime rate, both rates adjusted by a factor tied to a quarterly financial performance ratio. Availability under the revolving loan is subject to a borrowing base calculation and other restrictions common in such agreements. Borrowings under the letters of credit reduce availability of the revolving loan. There was no balance outstanding on the revolving loan at September 30, 2024 and 2023, respectively. There were no outstanding borrowings on the letters of credit at September 30, 2024 and 2023.

During September 2022, the Company entered into a \$441,475 promissory note with a related party, SOBO Leasing, LLC, which is payable in monthly installments of \$8,535 and due September 30, 2027. The subordinated promissory note interest rate was 6.00% at September 30, 2024 and 2023.

During February 2023, the Company entered into two equipment term loans, payable in monthly installments of \$38,605 and \$5,489 beginning March 1, 2023 and July 1, 2023, respectively. The equipment term loans mature February 2028 and June 2028, respectively. The term loans bear a fixed interest rate of 6.43% and 7.42%, respectively.

The Company also has a subordinated revolving credit facility from stockholders up to a maximum of approximately \$7,700,000. The subordinated revolving credit facility does not have a maturity date and is therefore presented as current on the consolidated balance sheets. The subordinated revolving credit facility bears interest at 5.00% to 6.00%. Borrowings on the subordinated revolving credit facility were \$1,973,937 and \$2,740,852 as of September 30, 2024 and 2023, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 5 – DEBT ARRANGEMENTS (Continued)

The table below reflects the Company's long-term debt at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
\$441,475 promissory note, payable in monthly installments of \$8,535 beginning November 1, 2022 through September 30, 2027. The interest rate at September 30, 2023 was 6.00%.	\$ 280,552	\$ 363,421
\$8,000,000 term loan, payable in monthly installments of \$95,238 beginning June 1, 2021 through April 30, 2027. The effective interest rate at September 30, 2023 was 5.67%.	2,714,286	5,333,333
\$318,587 term loan, payable in monthly installments of \$5,489 beginning in July 1, 2023 through June 1, 2028. The effective interest rate as of September 30, 2023 was 7.42%.	261,632	302,726
\$2,281,413 term loan, payable in monthly installments of \$38,605 beginning in March 1, 2023 through February 1, 2028. The effective interest rate as of September 30, 2023 was 6.43%.	1,762,060	2,091,565
	5,018,530	8,091,045
Less: current portion	<u>(1,704,850)</u>	<u>(1,677,001)</u>
Long-term obligations	<u>\$ 3,313,680</u>	<u>\$ 6,414,044</u>

The future maturities of long-term debt are as follows as of September 30:

2025	\$ 1,704,850
2026	1,665,739
2027	987,989
2028	659,952
2029	-
	<u>\$ 5,018,530</u>

Generally, all plant machinery and equipment, excluding certain equipment under financing leases, are pledged as collateral under the bank agreement, along with accounts receivable and inventory. The bank agreement contains a negative pledge on essentially all other assets.

The Company's credit agreements contain restrictive covenants common to such agreements including the maintenance of fixed charge coverage and undrawn availability requirements, cumulative EBITDA covenants for a few months in fiscal year 2024, as well as limitations on incurring additional debt, capital expenditures, and making loans, advances, and investments. As of September 30, 2024, the Company was in compliance with covenants.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 6 – LEASES

The Corporation's primary leasing activities were related to office space, production facilities (including previously held sale-leaseback agreements (Note 11)), and certain Corporation vehicles and equipment with various maturity dates until May 2043. Some lease agreements contain annual increases ranging to 2.0%.

Total lease expense, inclusive of lease expense to related parties, approximated \$10,970,000 and \$8,967,000 for the years ended September 30, 2024 and 2023, respectively. Short-term lease expense was approximately \$5,165,000 and \$4,084,000 for the years ended September 30, 2024 and 2023, respectively. Lease expense for operating leases to third-party lessors with lease terms in excess of 12-months approximated \$4,189,000 and \$3,420,000 for the year ended September 30, 2024 and 2023, respectively. Lease expense for operating leases to related party lessors with lease terms in excess of 12-months approximated \$1,615,000 and \$1,463,000 for the years ended September 30, 2024 and 2023, respectively.

The following table represents the weighted-average remaining lease term and discount rate as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term (years)	6.86	9.72
Weighted average discount rate	3.74%	4.26%

Future undiscounted lease payments for the Corporation's lease liabilities are as follows as of September 30, 2024:

	<u>Related Parties</u>	<u>Third Parties</u>	<u>Total</u>
2025	\$ 1,731,497	\$ 3,546,573	\$ 5,278,070
2026	1,513,587	2,899,996	4,413,583
2027	1,158,988	2,120,538	3,279,526
2028	1,032,306	1,548,750	2,581,056
2029	974,241	1,088,403	2,062,644
Thereafter	<u>4,549,508</u>	<u>5,412</u>	<u>4,554,920</u>
Total future lease payments	10,960,127	11,209,672	22,169,799
Less: imputed interest	<u>(1,920,612)</u>	<u>(779,409)</u>	<u>(2,700,021)</u>
Present value of lease liabilities	9,039,515	10,430,263	19,469,778
Less: Lease liabilities, current	<u>(1,417,438)</u>	<u>(3,274,251)</u>	<u>(4,691,689)</u>
Lease liabilities, non-current	<u>\$ 7,622,077</u>	<u>\$ 7,156,012</u>	<u>\$ 14,778,089</u>

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 7 – RETIREMENT PLANS

During 2015, the Company negotiated an exit from one of its multiemployer defined benefit pension plans resulting in a pension withdrawal obligation expense of \$6,285,098. The amount recorded represents the present value of the established payments, at 6.5% interest. The payment plan requires monthly payments of \$46,860 per month, principal and interest, for 240 months, or 20 years, starting November 1, 2015 with a final payment due on October 1, 2035.

During 2016, the Company negotiated a partial exit from one of its multiemployer defined benefit pension plans resulting in a pension withdrawal obligation expense of \$2,092,477. The amount recorded represents the present value of the estimated payments, at 7.5% interest. The expected payment plan is based on monthly payments of \$16,857, principal and interest, for 240 months or 20 years. Partial withdrawal payments were expected to begin in fiscal year 2018.

During 2018, the Company negotiated the remaining exit from the multiemployer defined benefit pension plan noted above, resulting in an additional pension withdrawal obligation expense of \$6,318,741. The amount recorded represents the present value of the estimated payments, at 6.72% interest. The expected payment plan is based on additional quarterly payments of \$144,144, principal and interest, for 80 quarters or 20 years, starting March 11, 2019 with final due payment on December 11, 2038.

Due to the 2018 exit of the multiemployer defined pension plan, the 2016 defined pension plan exit obligation was updated to \$2,228,268 and the payment schedule was restructured into quarterly payments of \$50,832, principal and interest, for 80 quarters or 20 years, starting March 11, 2019 with final due payment on December 11, 2038. The interest rate was also amended to 6.72%.

The Company maintains two defined contribution 401(k) plans covering substantially all administrative employees as well as all union employee groups. Company contributions to the administrative employees' 401(k) plan are discretionary. Company contributions to the union employee groups' 401(k) plan are determined by the union contracts. Expense related to these plans are accrued and charged to operations when incurred.

The Company also participates in a defined benefit retirement plan (Defined Benefit Plan) covering certain union employees and a defined benefit postretirement health care plans (Health Plans). The Company contributions and related expense for the Defined Benefit Plan is determined by the union contract. The Health Plans are contributory whereby retirees contribute a flat amount per month based on the previous year's cost per retiree in excess of a specified amount to be covered by the Company per the union agreements. The Health Plans are unfunded. Given the immateriality of these plans, the Company has elected not to present all required ASC 715 *Compensation – Retirement Benefits* disclosure information.

Total 401(k) retirement plan costs charged to operations in 2024 and 2023 approximated \$4,503,000 and \$4,099,000, respectively. Total Health Plan net periodic expense charged to operations in 2024 and 2023 approximated \$47,000 and \$42,000, respectively. Total Defined Benefit Plan net periodic income approximated \$74,000 and \$63,000 in 2024 and 2023, respectively.

The Defined Benefit Plan was overfunded by \$919,329 and \$310,322 at September 30, 2024 and 2023, respectively. The Health Plans were underfunded by \$1,810,865 and \$1,788,274 at September 30, 2024 and 2023, respectively. The measurement date used to determine the benefit obligations of each Plan was each September 30.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 8 – DEFERRED COMPENSATION

The Company maintains a deferred compensation plan for certain key employees. Under the plan the Company contributes a portion of its yearly adjusted net profits as determined by a committee appointed by the Board of Directors. Generally, the employees vest in a portion of the amount contributed after five year increments of participation in the plan. Deferred compensation expense for the yearly contribution is included in general and administrative expenses. The Company has recorded accrued deferred compensation of approximately \$5,336,000 and \$3,472,000 to other long-term liabilities on the consolidated balance sheets as of September 30, 2024 and 2023, respectively.

NOTE 9 – LITIGATION

The Company is subject to various legal proceedings and claims. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations or liquidity of the Company.

NOTE 10 – CUSTOMER CONCENTRATION

Three customers accounted for 55% of the Company's net sales of the year ended September 30, 2024 and 60% of total trade receivables as of September 30, 2024. Two customer accounted for 43% of the Company's net sales for the year ended September 30, 2023 and 52% of total trade receivables as of September 30, 2023.

NOTE 11 – SALE LEASEBACK TRANSACTIONS

During 2019, the Company entered into a sale and leaseback transaction with an external party. The Company sold land and buildings in exchange for cash totaling \$11,000,000, with net proceeds approximating \$10,800,000 after closing costs, and leases the property back. The lease term is for 10 years at a monthly cost approximately \$91,804 through October 2020 and increasing to \$102,664 through May 2029. The lease is an operating lease and is included in the minimum lease payment schedule in Note 6. The lessee is responsible for all maintenance, insurance and taxes on the property. The transaction resulted in a net gain on sale of the property approximating \$1,154,000, which was included in other liabilities and is being amortized over the life of the corresponding lease.

During 2020, the Company entered into a sale and leaseback transaction with an external party. The Company sold land and buildings in exchange for cash totaling \$4,600,000, with net proceeds approximating \$4,200,000 after closing costs, and leases the property back. The lease term is for 20 years at a monthly cost approximately \$21,551 starting February 2020 and increasing to \$45,780 through February 2040. The lessee is responsible for all maintenance, insurance and taxes on the property. The transaction resulted in a net gain on sale of the property approximating \$2,234,000, which was included in other liabilities and is being amortized over the life of the corresponding lease.

The lease is an operating lease and is included in the adoption of ASC 842 (Note 6). The balance of the deferred gain was approximately \$2,368,000 and \$2,604,000 at September 30, 2024 and 2023, respectively, which is recorded in accrued expenses (short term) and other liabilities (long term) on the consolidated balance sheets.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 12 – ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income components were as follows at September 30, 2024 and 2023:

	Unrealized Gains on Securities	Interest Rate Swap	Benefit Plans	Accumulated Other Comprehensive Income
October 1, 2022	\$ 2	\$ 281,013	\$ 560,811	\$ 841,826
Current-period change	-	(281,013)	556,711	275,698
September 30, 2023	2	-	1,117,522	1,117,524
Current-period change	-	-	281,065	281,065
September 30, 2024	\$ 2	\$ -	\$ 1,398,587	\$ 1,398,589

NOTE 13 – INTEREST RATE SWAPS

In 2021, the Company entered into an interest rate swap agreement that is designed to hedge the Company's risk against rising interest rates related to its floating rate debt obligations (Note 5). The notional amount of the agreement is reduced throughout the term of the agreement in proportion to the scheduled principal reductions of the related debt obligations being hedged. The initial notional amount of the agreement was \$4,000,000 and expired November 30, 2023. The agreement required the Company to pay a fixed rate of 1.30% and receive 30 day LIBOR. In 2022, the Company entered into additional interest rate swap agreements that are also designated to hedge the Company's risk against rising interest rates related to its floating debt obligations (Note 5). Similarly, the notional amounts of the agreements are reduced throughout the term of the agreements in proportion to the scheduled principal reductions of the related debt obligations being hedged. The initial notional amounts of the agreements were \$2,000,000, \$4,000,000, and \$4,000,000 and all expired November 30, 2023. The agreements required the Company to pay a fixed rate of 2.11%, 2.11%, and 2.81%, respectively, and receive 30 day LIBOR.

In February 2023, the Company entered into four additional interest rate swap agreements that are also designated to hedge the Company's risk against rising interest rates related to its floating debt obligations (Note 5) with terms noted below. The agreements required the Company to pay a fixed rate and receive a one month SOFR term.

In February 2023, the Company discontinued hedge accounting as the previous interest rate swap agreements entered into in 2022 and 2021 were amended or terminated and the interest rates swaps entered into in 2023 were not effective in offsetting changes in cash flows of the floating rate debt obligations. The Company carries the derivative at fair value in the consolidated financial statements, recognizing changes in fair value in current period income in the consolidated statements of income.

The fair value of the derivatives designated as hedging instruments was \$(62,678) and \$177,184 September 30, 2024 and 2023, respectively. The fair value of the derivative (liability) asset was classified to current liabilities and current assets as of September 30, 2024 and 2023, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 13 – INTEREST RATE SWAPS (Continued)

The details of these derivative instruments designated as hedging instruments on the consolidated statements of operations was as follows:

<u>Derivatives Designated as Hedging Instruments</u>	<u>Notional Amount</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Fixed Interest</u>
Interest rate swap	4,000,000	12/31/2025	(29,490)	4.47%
Interest rate swap	190,476	11/1/2024	575	2.57%
Interest rate swap	2,000,000	12/31/2025	(17,723)	4.42%
Interest rate swap	<u>4,000,000</u>	<u>12/31/2025</u>	<u>(16,041)</u>	<u>4.05%</u>
	<u>\$ 10,190,476</u>		<u>\$ (62,678)</u>	

The impact of these derivative instruments designated as hedging instruments on the consolidated statements of operations was as follows:

	<u>2024</u>	<u>2023</u>
Interest (income) expense - Ineffective portion	\$ (147,580)	\$ (236,034)
(Loss) Income recognized in other comprehensive income (loss) - Effective Portion	-	(281,013)
Gain recognized in net income - Ineffective portion	239,862	177,184

NOTE 14 – RELATED PARTY TRANSACTIONS

The Company has subordinated debt through stockholders and has various leases with related parties. Refer to Note 5 and Note 6 for further information of the related party debt and lease transactions, respectively.

(Continued)

PERFECTION BAKERIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 15 – STOCKHOLDERS' EQUITY

Changes in stockholders' equity for the years ended September 30, 2024 and 2023 is as follows:

	Voting Common Stock		Non-voting Common Stock		Contributed Capital	Accumulated Other Com- prehensive Income	Retained Earnings (Accumulated Deficit)	Total Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance October 1, 2022	31,406	15,703	3,423,254	141,327	8,070,989	841,826	(2,751,414)	\$ 6,318,431
Net income	-	-	-	-	-	-	14,199,697	14,199,697
Other comprehensive income change in benefit plans, net	-	-	-	-	-	556,711	-	556,711
Other comprehensive loss on interest rate swaps	-	-	-	-	-	(281,013)	-	(281,013)
Distribution to stockholders	-	-	-	-	-	-	(4,946,915)	(4,946,915)
Balance September 30, 2023	31,406	15,703	3,423,254	141,327	8,070,989	1,117,524	6,501,368	15,846,911
Net income	-	-	-	-	-	-	23,227,730	23,227,730
Other comprehensive income change in benefit plans, net	-	-	-	-	-	281,065	-	281,065
Distribution to stockholders	-	-	-	-	-	-	(12,497,403)	(12,497,403)
Balance September 30, 2024	31,406	\$ 15,703	3,423,254	\$ 141,327	\$ 8,070,989	\$ 1,398,589	\$ 17,231,695	\$ 26,858,303

Both the voting and non-voting common stock have no par value. At September 30, 2024 and 2023, the voting common stock had 31,406 shares authorized, while the non-voting common stock had 3,423,254 shares authorized.

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

PERFECTION BAKERIES, INC.

CONSOLIDATED BALANCE SHEETS

	<u>31-Dec-25</u>	<u>31-Dec-24</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$28,457,173	\$19,152,933
Marketable securities	92,400	67,400
Assets held for sale	224,157	-
Routes held for sale	1,479,377	1,490,540
SWAP Market Value	-	-
Receivables, net	20,265,078	22,282,723
Inventories	15,543,195	15,125,614
Prepaid expenses and other assets	<u>5,433,903</u>	<u>4,156,994</u>
Total current assets	71,495,284	62,276,204
Property, plant and equipment, at cost including land and construction in progress	183,362,964	180,885,862
ROU Assets	23,776,671	19,867,658
Less accumulated depreciation	<u>144,063,209</u>	<u>141,979,591</u>
	63,076,427	58,773,928
Notes Receivable-distributor routes, less current maturities	4,936,078	4,538,689
Other assets	<u>774,533</u>	<u>751,771</u>
Total assets	<u>\$140,282,322</u>	<u>\$126,340,593</u>

	<u>31-Dec-25</u>	<u>31-Dec-24</u>
LIABILITIES		
Current Portion of Term Loan A & B	1,142,857	1,142,857
Current Portion of Capital Lease	51,238	75,684
Current Portion of Shareholder Entity Truck Loan	94,814	89,306
Current Portion HEF Equipment Loan	791,979	405,316
Current Portion ROU Lease Liability	5,829,829	4,439,855
Revolving credit facility	-	-
Current portion of pension plan withdrawal liability	627,973	588,021
Accounts payable	19,413,057	19,205,000
Accrued expenses	16,929,811	18,460,192
Deferred Revenue	853,550	1,045,326
Distributions payable to stockholders	<u>5,477,702</u>	<u>7,490,822</u>
Total current liabilities	51,212,811	52,942,378
Term Loan A & B, less current maturities	142,857	1,285,714
Capital Leases, less current maturities	1,573	52,599
Subordinated Debt	1,044,110	1,973,937
Shareholder Entity Truck Loan, less current maturities	74,928	169,742
HEF Equipment Loan	3,146,925	1,521,359
ROU Lease Liability	18,131,787	15,107,923
Deferred revenue, long-term	1,200,125	1,088,975
Revolving credit facility	-	-
Accrued postretirement life and health benefits and pension plan	4,133,444	4,196,482
Pension plan withdrawal liability	10,389,836	11,017,809
Other liabilities	<u>8,225,570</u>	<u>6,986,814</u>
Total liabilities	<u>97,703,967</u>	<u>96,343,732</u>
..		
STOCKHOLDERS' EQUITY		
Common stock, voting	15,703	15,703
Common stock, non-voting	141,327	141,327
Contributed capital	8,070,989	8,070,989
Accumulated other comprehensive income (loss)	1,758,511	1,398,589
Retained earnings (deficit)	<u>32,591,825</u>	<u>20,370,254</u>
Total stockholders' equity	<u>42,578,355</u>	<u>29,996,862</u>
Total liabilities and stockholders' equity	<u>\$ 140,282,322</u>	<u>\$ 126,340,594</u>

PERFECTION BAKERIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

For the 3 periods ended December 31, 2025 and 2024

	<u>31-Dec-25</u>	<u>31-Dec-24</u>
Net sales	107,941,832	112,129,700
Cost of sales	<u>72,319,156</u>	<u>76,715,013</u>
Gross profit	<u>35,622,676</u>	<u>35,414,687</u>
Delivery and selling expenses	28,306,105	28,226,276
General and administrative expenses	<u>4,330,316</u>	<u>4,618,239</u>
	<u>32,636,421</u>	<u>32,844,515</u>
Income (loss) from operations	2,986,255	2,570,172
Interest expense	(292,313)	(304,396)
Interest (Expense)/Income from Swap (Paid) Recv'd	(7,928)	10,448
Gain/(Loss) on FMV of Swap	6,774	49,519
Pension plan withdrawal expense		
Other income (expense), net	439,709	875,967
Tax Expense	<u>69,000</u>	<u>60,000</u>
Net income (loss)	<u>3,063,498</u>	<u>3,141,710</u>
Retained earnings, beginning of year	30,946,237	17,231,694
Distributions refunded (paid)		
Distributions accrued for Qtrly -pys' taxes	(1,260.95)	(3,150)
Distributions accrued for Qtrly 2026 taxes	(1,416,649.00)	
ROI Dividends	0.00	
Retained earnings (deficit), end of period	<u>32,591,825</u>	<u>20,370,254</u>
Depreciation (ytd)	2,264,543	2,126,376

Exhibit J(1)
Financing Documents with Distribution Services of America, Inc.
Promissory Note



Distribution Services of America
PROMISSORY NOTE

_____, 20____

\$ _____

1. BORROWER'S PROMISE TO PAY

For Value Received, I, **DISTRIBUTOR'S CORPORATE NAME** (the "Borrower"), residing at **DISTRIBUTOR'S ADDRESS**, promise to pay to the order of **DISTRIBUTION SERVICES OF AMERICA, INC.**, a corporation with a place of business at **2900 Westchester Avenue, Purchase, New York 10577** (the "Lender"), the amount of **LOAN AMOUNT & 00/100THS DOLLARS (\$ _____)** together with interest from the date of this Note on the unpaid balance at a rate of interest as set forth below until fully paid according to the terms herein. I understand that the Lender may assign to a third party all or part of the Lender's rights hereunder, its rights under a Financing Security Agreement dated on or about the date hereof (which agreement secures the obligations of the Borrower hereunder), and the right to receive payments under this Note. The Lender or anyone who takes this Note by assignment is hereinafter referred to as "Note Holder".

2. INTEREST RATE

The principal sum outstanding shall bear an interest rate equal to _____ (____%) per annum from the date of this Note until such time as the entire remaining principal and interest has been fully paid. Any amount of principal not paid when due, including the entire principal balance in the event of an acceleration of this Note as provided below, shall bear interest, to the extent permitted by law, at a rate per annum of TWELVE PERCENT (12%), calculated on the basis of a 360-day year.

3. PAYMENT TERMS

Principal and interest shall be due and payable in sixty (60) equal monthly installments in the amount of \$ _____, the first installment of which shall become due on the 1st day of _____, 20____, and the remaining installments of which shall become due on the 1st day of each calendar month thereafter through and including the 1st day of _____, 20____; provided that the amount of the final installment must in any event be sufficient to pay all then outstanding principal of this Note and all unpaid interest accrued under this Note. All payments on this Note shall be applied first to interest accrued and the balance, if any, to principal.

4. BORROWER'S RIGHT TO PREPAY

Borrower may at any time pay the full amount of this Note (without prepayment penalty but together with any accrued but unpaid interest thereon).

5. LOAN CHARGES

If, under any law with applicability to this Note which sets maximum loan charges, the interest or other loan charges collected or to be collected in connection with this Note exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limited; and (ii) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Note Holder may choose to make this refund by reducing the principal Borrower owes under this Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial pre-payment.

6. EVENTS OF DEFAULT

This Note, and all other obligations of the Borrower to Note Holder, shall be and become immediately due and payable at the option of the Note Holder, without any demand or notice whatsoever, upon the occurrence of any of the following described events, each of which shall constitute a default:

- i. Any failure to make any payment when due of the principal, interest or late charges or the occurrence of any event of default under the Financing Security Agreement executed simultaneously herewith;
- ii. the death of the Borrower or any personal guarantor hereof;
- iii. any failure to submit to Note Holder, upon request, current personal financial information;
- iv. any failure to submit to Note Holder, in form satisfactory to Note Holder, quarterly business financial statements, within 30 days of the close of each calendar quarter, and annual tax returns within 30 days of the date on which they are due;
- v. the creation of any lien or the issuance of an attachment against or seizure of any property of, or the entry of judgment against, the Borrower except that the Borrower may execute general liens and grant security interests to and in favor of third parties, for obligations other than those created hereunder, provided such liens and security interests, are subordinate to the lien created herein;
- vi. if, in the reasonable judgment of Note Holder, Borrower takes any action or fails to take any action which adversely affects the collateral or Borrower's ability to repay the obligations of this Note;
- vii. an assignment for the benefit of the creditors of, or the commencement of any bankruptcy, receivership, insolvency, reorganization, or liquidation proceedings by or against the Borrower or any guarantor hereof;
- viii. a default under any other agreements between Borrower and Lender;

- ix. if there occurs any material adverse change in Borrower's financial condition or means or ability to satisfy the obligations of this Note;
- x. the termination of the Distribution Agreement executed between Borrower and PERFECTION BAKERIES, INC.;
- xi. the transfer of any of the assets pledged as collateral for this Note, without the prior written consent of the Note Holder.

7. EFFECTS OF DEFAULT

- a) Late Charges. In the event Note Holder has not received the full amount of any monthly payment by the end of fifteen (15) calendar days after the date it is due, Borrower shall pay a late charge in the amount of FIVE PERCENT (5%) of the overdue monthly payment.
- b) Acceleration. In the event Note Holder has not received the full amount of any monthly payment by the end of twenty (20) calendar days after the date it is due or any other event of default occurs, Note Holder may declare the entire outstanding principal and accrued interest immediately due and payable.
- c) Waiver. No failure of Note Holder to exercise any of its rights hereunder shall be deemed a waiver of any such rights or of any default. Demand, presentment, protest, notice of dishonor, notice of protest and notice of default are hereby waived by Borrower.
- d) Payment of Note Holder's Costs and Expenses. In the event of default, Borrower shall pay in addition to principal, interest and late charges, Note Holder's costs and expenses of collection including without limitation, court costs and attorney's fees, as provided for in the Financing Security Agreement executed herewith.

8. GOVERNING LAW

This Note shall be governed by the laws of the State of New York. Any provision declared invalid under any law shall not invalidate any other provision of this Note.

IN WITNESS WHEREOF, Borrower has hereunto set his hand and seal as of the date first above written.

BORROWER

Exhibit J(2)
Financing Documents with Distribution Services of America, Inc.
Financing Security Agreement

**LOAN
PROGRAM**
FINANCING SECURITY AGREEMENT

THIS AGREEMENT, made effective _____, 20____, by and between **Distribution Services of America, Inc.**, a Florida corporation with offices at 2900 Westchester Avenue, Purchase, New York (herein called the "Secured Party") and **DISTRIBUTOR'S CORPORATE NAME**, residing at **DISTRIBUTOR'S ADDRESS**, (herein called the "Borrower").

WITNESSETH:

In consideration of the premises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. GRANT OF SECURITY INTEREST: To secure the full and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of each of the Obligations (as hereafter defined), the Borrower hereby grants, conveys, assigns and transfers to Secured Party a security interest in and to the following personal property:

- a) any and all rights that the Borrower may have under the Distributor's Agreement between **PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S** and Borrower;
 - b) all equipment, inventory, accounts, goods, property, contract rights, chattel paper and general intangibles related to or arising from Borrower's business, whether now or hereafter existing or acquired and wherever located;
 - c) any and all accessions, replacements and additions to or of the foregoing; and
 - d) all cash or non-cash proceeds (including insurance proceeds) of the foregoing,
- the items described in a), b), c), and d) above being hereinafter collectively referred to as the "collateral".

2. THE OBLIGATIONS: The Obligations secured hereby shall be:

- a) the outstanding principal of, and all interest on, that certain Promissory Note of even date herewith in the original principal amount of **LOAN AMOUNT (\$____.00) DOLLARS** made by Borrower payable to Secured Party, and any renewal, extension or refinancing thereof (the "Note"); and
- b) all debts, liabilities, obligations, covenants and agreements of the Borrower contained in this Financing Security Agreement.

3. BORROWER COVENANTS: Borrower covenants and agrees as follows:

- a) to execute all proper financing statements for filing.
- b) to pay and perform all of the Obligations secured by this Agreement according to its terms;

- c) to defend the title to the collateral against all persons and against all claims and demands whatsoever;
 - d) to submit to Secured Party, in form satisfactory Secured Party, quarterly business financial statements, within 30 days of the close of each calendar quarter, and annual tax returns within 30 days of the date on which they are due;
 - e) to obtain and maintain, at Borrower's expense, throughout the term of this Agreement minimum levels of occurrence form insurance coverage with a reputable and established insurance company, acceptable to Secured Party, in such amounts as may from time to time be reasonably required by the Secured Party, which as of the date of execution of this Agreement are as follows:
 - (i). Comprehensive general liability insurance, including product liability (to include broad form contractual liability coverage) with \$2,000,000 combined single limits;
 - (ii). Automobile liability insurance with minimum limits of \$2,000,000 combined single limits, on all vehicle(s) used in Borrower's business;
 - (iii). Collision and Comprehensive damage coverage for the actual cash value which shall also cover Borrower's computer with a deductible no greater than \$500 and all vehicle(s) used in Borrower's business;
- In the event a substitute vehicle is used by Borrower coverage, with the exception of collision and comprehensive damage coverage, will automatically apply to the substitute vehicle. In addition, the Distributor must carry policies or riders providing cargo insurance in an amount of not less than \$2,000, and Inland Marine coverage of not less than \$5,000. The insurance contemplated shall be in a form acceptable to Secured Party, shall name Secured Party as an additional insured thereof and as a loss payee on any collision or comprehensive damage policy on any physical assets on which Secured Party has a lien and provide that Secured Party shall be given 30 days advance written notice of material changes or cancellation of such coverage(s). A certificate indicating that the foregoing coverages are in effect, and primary over any other applicable insurance which may be in existence, shall be delivered to Secured Party upon request;
- f) to maintain the collateral in good repair and working condition.

4. DEFAULT:

The following shall constitute a default by the Borrower:

- a) Borrower's failure to pay to Secured Party when due any obligation secured by this Agreement;
- b) any termination of the Distributor's Agreement executed between Borrower and **PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S** of even date herewith;
- c) Borrower's failure to comply with or perform any provisions or covenants of this Agreement or any other agreement between Borrower and Secured Party;
- d) Borrower's failure to maintain the insurance required in Article 3 above;
- e) Borrower's failure to submit current financial statements and tax returns as required in Article 3 above;
- f) any reduction in the value of the collateral, due to the fault of the Borrower, which imperils satisfaction of Borrower's obligations hereunder;
- g) Any action or failure to act of Borrower which, in the reasonable judgment of the Secured Party, adversely affects the collateral or the ability to satisfy any of Borrower's obligations hereunder
- h) the making of any seizure, sale, assignment, lease, pledge or other transfer of any collateral, except as otherwise permitted under this Agreement;
- i) a notice of lien, levy, attachment or assessment is filed or recorded with respect to any collateral, and the claim is not fully discharged and satisfied within 30 days of such filing or recordation;
- j) with respect to Borrower or a guarantor of Borrower's obligations hereunder: dissolution, insolvency, inability to pay debts as they mature, appointment of a receiver for any part of its/his/her property, assignment for the benefit of creditors, the commencement of any proceeding under any bankruptcy or insolvency laws, or other material adverse change in financial condition or means or ability to pay.

5. REMEDIES:

- (a) Upon any default of Borrower, all the Obligations secured by this Agreement shall immediately become due and payable in full without notice or demand and the Secured Party shall have and may exercise all the rights, remedies and privileges as are accorded to a secured party by the applicable sections of the Uniform Commercial Code in effect as of the date of this Security Agreement.
- (b) Upon any default, the Secured Party's reasonable attorneys' fees and the legal expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising, and selling the collateral shall be chargeable to the Borrower.
- (c) In addition to any other rights Secured Party may have at law or under this Agreement, Secured Party may, at its discretion, take immediate possession of the collateral and/or dispose of the collateral (and Borrower agrees not to resist or interfere), and apply the net proceeds of such collateral to the Obligations secured hereunder.

Secured Party will give Borrower reasonable notice of either: (i) the time and place of any intended public sale or disposition and Borrower shall be entitled to bid or offer to buy at such time, or (ii) the time after which the collateral maybe sold by private sale. The requirement of reasonable notice shall be deemed met if such notice is mailed, postage prepaid, to the address of the Borrower shown above at least seven days before the time of sale or disposition.

The rights and remedies of Secured Party hereunder are cumulative and non-exclusive and the single or partial exercise of any remedy provided for herein or under the UCC shall not preclude any further exercise thereof or be construed as a waiver of any other remedy.

6. GENERAL PROVISIONS:

(a) Waiver of any default shall not be considered to constitute a waiver of any subsequent default.

(b) This Agreement shall be governed by the laws of the State of New York. Any provision declared invalid under any law shall not invalidate any other provision of this Agreement.

(c) This Agreement shall bind and inure to the benefit of the respective parties hereto and their respective legal representatives, successors and assigns.

(d) This Agreement may be changed only in a writing executed by both parties.

(e) The Security Interests created by this Agreement are intended to attach (i) to existing Collateral when the Distributor signs this Agreement, and (ii) to Collateral subsequently acquired by the Distributor, immediately upon the Distributor acquiring any rights in such Collateral. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

(DISTRIBUTOR'S CORP)

By: _____
President

Exhibit J(3)
Financing Documents with Distribution Services of America, Inc.
UCC-1 (Representative Sample)

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)	
B. SEND ACKNOWLEDGEMENT TO: (Name and Address)	
DISTRIBUTION SERVICES OF AMERICA, INC. 2900 WESTCHESTER AVENUE PURCHASE, NEW YORK 10577	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
Distributor corporation				
1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
123456789		corporation		☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME				
DISTRIBUTION SERVICES OF AMERICA, INC.				
OR				
3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2900 WESTCHESTER AVENUE	PURCHASE	NY	10577	USA

4. This FINANCING STATEMENT covers the following collateral:

The Distribution Rights granted to Debtor pursuant to that certain Bill of Sale and that certain Distribution Agreement, each dated as of _____, 20____, by and between Debtor and Perfection Bakeries, Inc., (as hereafter amended, modified or supplemented, the "Distribution Agreements"), together with other assets used by the Debtor in the operation of his/her business;

- a) all equipment, inventory, accounts, receivables, good, property, contract rights, chattel paper and general intangibles related to or arising from Borrower's business, whether now or hereafter existing or acquired and wherever located;
- b) any and all accessions, replacements and additions to or of the foregoing; and
- c) all cash or non-cash proceeds (including insurance proceeds) of the foregoing.

5. ALTERNATIVE DESIGNATION	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR	SELLER/BUYER	AG. LEIN	NON- UCC FILING	
6.	This FINANCING STATEMENT is to be filed (for record) or recorded in the REAL ESTATE RECORDS Attach addendum (if applicable)			7. Check to REQUEST REPORTS(S) on Debtor(s) (ADDITIONAL FEE) (optional)	All Debtors	Debtor 1	Debtor 2
8. OPTIONAL FILER REFERENCE DATA							

Exhibit J(4)
Financing Documents with Distribution Services of America, Inc.
Loan Proceeds Disbursement Authorization



LOAN PROCEEDS
DISBURSEMENT AUTHORIZATION

I, **DISTRIBUTOR'S CORPORATE NAME**, hereby authorize and acknowledge the following disbursement of the loan proceeds relative to a certain Promissory Note executed by me in favor of **DISTRIBUTION SERVICES OF AMERICA, INC. (DSA)**, effective _____, 20__:

TO PERFECTION BAKERIES, INC., d/b/a AUNT MILLIE'S

DOWN PAYMENT - ROUTE PURCHASE PRICE

\$X,XXX.00

TO DISTRIBUTION SERVICES OF AMERICA, INC.

LOAN ADMINISTRATION FEE

400.00

TOTAL LOAN

\$X,XXX.00

(DISTRIBUTOR'S CORP)

By: _____

President

Effective Date: _____, 20__

Exhibit K
List of Distributors as of 9/30/25

List of Current Distributors
9/30/2025

STATE	FIRST	LAST	STREET	CITY	STATE	ZIP	TELEPHONE		
ILLINOIS	MR.	CHRISTOPHER	BROWN	2311 COUNTRY SQUIRE DRIVE	URBANA	ILLINOIS	61802	217-778-2112	
ILLINOIS	MR.	DUANE	SAPP	106 S. WEST ST.	WATSON	ILLINOIS	62473	217-663-0195	
ILLINOIS	MR.	MICHAEL	PTOMEY	201 LAFAYETTE AVE	MATTOON	ILLINOIS	61938	217-246-0622	
ILLINOIS	MR.	STACY	PIERSON JR.	800 S. MATTIS, APT. C1	CHAMPAIGN	ILLINOIS	61821	217-298-8265	
ILLINOIS	MR.	ROBERT	BOEN	15601 W. 2150 N. RD	DANVILLE	ILLINOIS	61834	217-799-7268	owns 2 territories
ILLINOIS	MS.	CHRISTINA	CLAYBURN	717 W. COLUMBIA ST	DANVILLE	ILLINOIS	61832	479-422-9298	
ILLINOIS	MR.	SHAWN	SITTON	1510 SOUTH POINT DR.	RANTOUL	ILLINOIS	61866	217-418-2103	owns 2 territories
ILLINOIS	MR.	ROBERT	MARTIN	1512 MARCIA DRIVE	RANTOUL	ILLINOIS	61866	217-215-4289	owns 2 territories
ILLINOIS	MR.	LUIS	ESTRADA	1732 BROOKDALE RD, APT 23	NAPERVILLE	ILLINOIS	60563	773-817-5221	owns 3 territories
ILLINOIS	MR.	SALVADOR	SERVIN	1393 NEWCASTLE CT	BARTLETT	ILLINOIS	60103	608-520-6343	
ILLINOIS	MR.	MICHAEL	GETZ	381 MESSENGER CIRCLE	NORTH AURORA	ILLINOIS	60542	630-862-1031	owns 2 territories
ILLINOIS	MR.	SANTINO	TROPEA	121 PORTSMOUTH CT	GLENDALE HEIGHTS	ILLINOIS	60139	630-461-8177	
ILLINOIS	MR.	OTHONIEL	VARGAS	2410 S. 60TH CT	CICERO	ILLINOIS	60804	773-931-2406	owns 2 territories
ILLINOIS	MR.	MICHAEL	JENISCH	128 S IOWA AVE.	ADDISON	ILLINOIS	60101	630-743-9654	
ILLINOIS	MR.	RICHARD	CUC	4609 W. GRACE STREET	CHICAGO	ILLINOIS	60641	773-412-5550	
ILLINOIS	MS.	MARIANA	ROCHA POSADA	770 SKOKIE BLVD, UNIT 452	NORTHBROOK	ILLINOIS	60062	262-234-7821	
ILLINOIS	MR.	ADLAI	HILLISON JR.	1217 ANTHONY AVENUE	JANESVILLE	WISCONSIN	53546	608-728-3580	
ILLINOIS	MR.	JUAN	VALDIVIA	217 DOUGHERTY PLACE	ROCKFORD	ILLINOIS	61107	815-979-7779	
ILLINOIS	MR.	ADAM	CARLE	111 WEST JACKSON	JOY	ILLINOIS	61260	309-574-0798	
ILLINOIS	MR.	DAYLE	LEARNED	706 MAIN STREET	NORTH HENDERSON	ILLINOIS	61466	309-255-8132	
ILLINOIS	MR.	JEREMY	LESTER	4213 SYCAMORE BEND	GALESBURG	ILLINOIS	6401	309-368-0732	
ILLINOIS	MR.	CRUZ	COLON	606 W. 19TH ST.	ROCK FALLS	ILLINOIS	61071	815-716-1297	
ILLINOIS	MR.	JASON	TURNER	2817 GLENWOOD LANSING RD, APT 10	LYNWOOD	ILLINOIS	60411	630-670-1847	
ILLINOIS	MR.	ALAN	LYLES	1200 RING ROAD, APT 1353	CALUMET CITY	ILLINOIS	60409	708-731-7268	owns 2 territories
ILLINOIS	MR.	ALIAATTE	EDWARDS	9322 SPRING STREET	HIGHLAND	INDIANA	46322	708-712-3236	owns 2 territories
ILLINOIS	MR.	ALEXSON	OLIMENE	550 EAST BOUGHTON RD, STE 26	BOLINGBROOK	ILLINOIS	60440	773-616-8942	owns 2 territories
ILLINOIS	MS.	JUANA	PADILLA	1207 GRAND BLVD	ROMEOVILLE	ILLINOIS	60446	708-369-2236	owns 2 territories
ILLINOIS	MR.	NICK	SAUERWEIN	4455 W. 87TH ST	HOMETOWN	ILLINOIS	60456	708-717-3397	owns 3 territories
ILLINOIS	MR.	BRYAN	THORNTON	1967 W. HELEN DR.	ROMEOVILLE	ILLINOIS	60446	630-803-7721	owns 3 territories
ILLINOIS	MR.	MOISES	SEVILLA	524 SHADOW WOOD DRIVE	YORKVILLE	ILLINOIS	60570	708-990-1199	owns 2 territories
ILLINOIS	MR.	NOE	SEVILLA	5324 W. 23RD PL	CICERO	ILLINOIS	60804	708-856-6669	
ILLINOIS	MR.	ROBERTO	HOLGUIN	667 NIAGARA	BOLINGBROOK	ILLINOIS	60440	630-484-4880	
ILLINOIS	MR.	ALBERTO	ROMERO	3003 S KEDVALE APT 2	CHICAGO	ILLINOIS	60623	773-827-5929	
ILLINOIS	MR.	ANAELI	SANTANA	1811 W. GOLF RD, APT# 149	MOUNT PROSPECT	ILLINOIS	60056	224-392-8941	
ILLINOIS	MS.	ANA	ANCKERMANN	6112 S. NAGEL AVENUE	CHICAGO	ILLINOIS	60638	773-710-3355	
ILLINOIS	MR.	RODNEY	BERRY	24138 W. WALNUT CIR.	PLAINFIELD	ILLINOIS	60585	331-251-0738	
ILLINOIS	MR.	ROBERT	MURRAY	2084 SUTCLIFFE CT	ROMEOVILLE	ILLINOIS	60446	815-212-0329	
ILLINOIS	MR.	ERIC	DRAKE	2406 VESTA DRIVE	JOLIET	ILLINOIS	60431	702-296-9198	owns 2 territories
ILLINOIS	MR.	JHOVANY	SANTOS	5927 W 35TH ST	CICERO	ILLINOIS	60804	708-595-1221	

ILLINOIS	MS.	MELISSA		RODRIGUEZ	5227 W. WARNER AVE.	CHICAGO	ILLINOIS	60641	312-522-6351	
INDIANA	MR.	ANDREW		CARTER	1175 CAROL STREET	BURNS HARBOR	INDIANA	46304	219-276-9336	
INDIANA	MS.	TAMARA	A.	HOWARD	824 LAKE STREET	HOBART	INDIANA	46342	219-805-9569	
INDIANA	MR.	VICTOR	M.	RODRIGUEZ	1528 KRAME DR.	CROWN POINT	INDIANA	46307	219-951-7496	
INDIANA	MR.	BRYCE		FOX	4134 PATSY DR.	WHEATFIELD	INDIANA	46392	219-241-5440	
INDIANA	MS.	SONIA		BOHLIN	837 HARRISON AVE	DYER	INDIANA	46385	219-588-3690	
INDIANA	MR.	JONATHAN	A.	FINCH	275 N 375 W	VALPARAISO	INDIANA	46385	219-588-3690	owns 2 territories
INDIANA	MR.	JOHNATHON	W.	ANDERSON	2011 SHERWOOD LAKE DRIVE, A	SCHERERVILLE	INDIANA	46375	219-221-0647	
INDIANA	MR.	ANDREW		BRUNO	1119 SOUTH CURTIS AVENUE AP	KANKAKEE	ILLINOIS	60901	815-370-2868	
INDIANA	MR.	CHAD	M.	COSTINO	17676 BROOKWOOD DRIVE	LOWELL	INDIANA	46356	219-313-6355	
INDIANA	MR.	RAUL		LARIOS	414 QUENTIN LANE	CROWN POINT	INDIANA	46307	219-730-6412	owns 2 territories
INDIANA	MS.	BRITTANY	M.	GEYER	1675 ROBIN LANE #A	LOWELL	INDIANA	46356	219-671-7650	owns 2 territories
INDIANA	MR.	JOSE		CRUZ	29830 BLUE HERON BLVD	BEECHER	ILLINOIS	6401	708-996-8777	
INDIANA	MR.	DAVID		TOMKO	1120 N. OAKWOOD AVENUE	GRIFFITH	INDIANA	46319	219-776-3135	
INDIANA	MR.	RYAN		VANDEN BRAND	1169 E. 2500 NORTH ROAD	ASHKUM	ILLINOIS	60911	773-332-3845	owns 2 territories
INDIANA		TARY		ROLFE	4240 WESTWOOD LANE	CHESTERTON	ILLINOIS	46304	219-508-8315	
INDIANA	MR.	THOMAS		ZAKRZEWSKI	825 SOUTH 32ND STREET	SOUTH BEND	INDIANA	46615	574-298-0921	owns 2 territories
MICHIGAN	MR.	AARON		ATWOOD	165 IMPERIAL ST.	KALAMAZOO	MICHIGAN	49001	269-221-3320	owns 3 territories
INDIANA	MR.	NICK		THOMAN	140 TIMBER LN	SOUTH BEND	INDIANA	46615	574-904-6444	
INDIANA	MR.	IVAN		SLABACH	7120 W. 750 N.	SHIPSHEWANA	INDIANA	46565	260-336-3175	
INDIANA	MR.	BEN		THOMAN	719 MARQUETTE AVE.	SOUTH BEND	INDIANA	46617	574-298-1318	owns 2 territories
INDIANA	MR.	JACOB		BARRETT	2418 MIAMI STREET	SOUTH BEND	INDIANA	46614	574-849-2728	
MICHIGAN	MR.	JOE		MORFORD	0627 EAST STANTON COURT	LA PORTE	INDIANA	46350	219-778-2041	
INDIANA	MR.	JOSEPH		SAVIANO	727 GRAND BLVD.	MISHAWAKA	INDIANA	46544	574-276-7700	
INDIANA	MR.	RICHARD	A.	LONGLEY	1611 HOWARD STREET	NILES	MICHIGAN	49120	574-261-7410	
INDIANA	MR.	ROBERT		VANDYGRIF	55450 BEL AIR ST.	OSCEOLA	INDIANA	46561	574-514-8521	
INDIANA	MR.	TONY		HORVATH	116 MICHIGAN ST	NILES	MICHIGAN	49120	574-386-3286	
MICHIGAN	MR.	JOHN		SMITH	57564 CHARLIE DRIVE	ELKHART	INDIANA	46517	574-300-8767	
MICHIGAN	MR.	LANCE		PRESCOTT	2543 LOCUST LN.	STEVENSVILLE	MICHIGAN	49127	269-240-0852	
INDIANA	MR.	LUCAS		LANNING	1016 BROOK RUN DRIVE #3B	MISHAWAKA	INDIANA	46544	574-333-4155	
INDIANA	MR.	ANTHONY	J.	MARIETTA	11737 OLD OAK DR.	GRANGER	INDIANA	46530	574-309-4371	owns 2 territories
MICHIGAN	MR.	COTY		MORRISON	1646 HICKORY ST.	NILES	MICHIGAN	49120	269-287-9818	
INDIANA	MR.	BRUCE		NELSON	2008 LYNN STREET	MISHAWAKA	INDIANA	46545	574-229-3208	
INDIANA	MR.	JOSEPH		SAVIANO	727 GRAND BLVD.	MISHAWAKA	INDIANA	46544	574-276-7700	owns 2 territories
INDIANA	MR.	CHARLES		VERNON	9688 NORTH BOWMAN ROAD	GOSPORT	INDIANA	47433	937-418-6462	
INDIANA	MR.	AARON		ADAMS	1390 BURKE SHILOH ROAD	SPENCER	INDIANA	47460	812-361-2556	
INDIANA	MR.	KYLE		MATHERLY	6513 W. ISON ROAD	BLOOMINGTON	INDIANA	47403	812-327-9473	
INDIANA	MR.	CHESTER	A.	ROOSEVELT	2005 EAST POPLARWOOD COURT	ROCKVILLE	INDIANA	47872	765-592-0361	
INDIANA	MR.	WILYUM		BETTIS	2005 POPLARWOOD COURT	ROCKVILLE	INDIANA	47872	765-592-1357	
INDIANA	MR.	JEFF		WEGER	1645 2ND AVENUE	TERRE HAUTE	INDIANA	47807	812-243-9115	
INDIANA	MR.	WILYUM CHARLES H		BETTIS	1466 S. BRIDGETON	ROCKVILLE	INDIANA	47872	812-878-1060	owns 2 territories
INDIANA	MR.	STEVEN		RYNARD II	4044 CITATION DR.	NEWBURGH	INDIANA	47630	812-454-1668	owns 3 territories
INDIANA	MR.	JASON		BLANDFORD	2448 FARRIER PLACE	OWENSBORO	KENTUCKY	42301	270-292-2706	
KENTUCKY	MR.	JOSH		YORK	3004 ASHTON CT	JEFFERSONVILLE	INDIANA	47130	502-712-0000	
KENTUCKY	MR.	JERRY		HENRY	3200 COTTON LANE	JEFFERSONVILLE	INDIANA	47130	812-557-3974	

KENTUCKY	MR.	JOHN	STILLWELL	3526 LINDY TRAIL	JEFFERSONVILLE	INDIANA	47130	812-207-5051	owns 2 territories
KENTUCKY	MR.	CORY	SCHULTZ	3002 CROMARTY WAY	LOUISVILLE	KENTUCKY	40220	502-381-3904	
KENTUCKY	MR.	BRADY	REYNOLDS	113 HOLLY HILLS DR	FAIRDALE	KENTUCKY	40118	502-749-8196	owns 2 territories
KENTUCKY	MR.	DEREK	CALVERT	4218 JANET VIEW	JEFFERSONVILLE	INDIANA	47130	812-786-7870	
KENTUCKY	MR.	TRAVIS	MARKS	214 WEST BEALL AVE.	BARDSTOWN	KENTUCKY	40004	502-558-0164	owns 2 territories
KENTUCKY	MR.	MARTY	WILLIAMS	3544 CEPHAS WAY	LEXINGTON	KENTUCKY	40503	859-533-0826	owns 2 territories
KENTUCKY	MR.	JASON	WATKINS	109 S. HUDSON AVE	IRVING	KENTUCKY	40336	859-267-3803	
KENTUCKY	MR.	THOMAS	MORTON	3585 CEPHAS WAY	LEXINGTON	KENTUCKY	40503	859-940-3269	
MICHIGAN	MR.	TONY	ARBOUR	410 S. 17TH ST.	ESCANABA	MICHIGAN	49829	906-235-2631	owns 3 territories
MICHIGAN	MR.	SCOTT	BRENNEMAN	429 E MICHIGAN ST	MARQUETTE	MICHIGAN	49855	517-719-7479	owns 4 territories
MICHIGAN	MR.	DWAYNE	CAZZOLA	W 5943 SPRINGVIEW DR	NORWAY	MICHIGAN	49870	906-396-4301	owns 2 territories
OHIO	MR.	STEVE	ORKIS	5399 PADDOCK FALLS	DUBLIN	OHIO	43016	614-572-8390	owns 2 territories
OHIO	MR.	THOMAS	WINTERS	532 EDMONT ROAD	NEWARK	OHIO	43055	740-405-4272	
OHIO	MS.	GIDGET	HUNTSMAN	1958 PATRICK LANE E.	NEWARK	OHIO	43055	740-507-8630	owns 2 territories
OHIO	MR.	JOHN	FARIS	4448 BUTLER FARMS DR.	COLUMBUS	OHIO	43207	614-930-3960	
OHIO	MR.	MICHAEL	BUTLER	356 GRANDLIN PARK DRIVE	BLACKLICK	OHIO	43004	740-704-8484	
OHIO	MR.	TOM	MENDENHALL	8008 TIPPERARY CT N	DUBLIN	OHIO	43017	614-668-4440	
OHIO	MR.	JAMES	CAMPBELL	503 E. EAST ST	WASHINGTON COUF	OHIO	43160	937-763-9696	
OHIO	MR.	KEON	CALLAWAY	3131 FRAMINGHAM CIRCLE	COLUMBUS	OHIO	43224	614-702-4910	owns 2 territories
OHIO	MR.	JUSTIN	FRY	750 MOUNT VERNON AVE APT 8	MARION	OHIO	43302	719-961-8262	owns 2 territories
OHIO	MR.	ROBERT	MCKINNEY	598 SOUTH GAMBLE ST.	SHELBY	OHIO	44875	419-347-6483	
OHIO	MS.	ANDREA	KLINE	1747 BLUE LOCUST DR.	MANSFIELD	OHIO	44905	567-241-6546	
OHIO	MR.	BRIAN	TALIAFERRO	10 WEST AVE SW	PATASKALA	OHIO	43062	740-755-3057	
OHIO	MR.	JOSEPH	BORLEY	283 MAHOGANY LN	COMMERCIAL POIN	OHIO	6116	614-597-1064	owns 2 territories
OHIO	MR.	MICHAEL	GIBSON	7071 COLUMBUS ROAD	MT. LIBERTY	OHIO	43048	419-560-8481	owns 2 territories
OHIO	MR.	CAMERON	TILLMAN	4310 PARKWAY CENTRE DR	GROVE CITY	OHIO	43123	614-843-1637	
OHIO	MR.	NICK	HUNNELL	2550 WAHL DRIVE	MANSFIELD	OHIO	44904	419-631-5877	SERVICE AGREEMENT ONLY
OHIO	MR.	LUCAS	SWIHART	3094 W. LIVINGSTON AVE APT 35	COLUMBUS	OHIO	43227	614-955-8942	
OHIO	MR.	BRAD	WEST	11372 RANKIN RD	GLENFORD	OHIO	43739	740-973-9123	owns 3 territories
OHIO	MR.	DOUGLAS	R. MARDIS	3749 INDIAN BRAVE TRAIL	CLEVES	OHIO	45002	513-260-7693	
OHIO	MR.	HAYEN	WALLACE	3103 YANKEE ROAD	MIDDLETOWN	OHIO	45044	513-706-6530	
OHIO	MR.	TIMOTHY	JACKSON	11555 REGENCY SQUARE CT. #2	CINCINNATI	OHIO	45231	513-485-2684	owns 2 territories
OHIO	MR.	JASON	REICHERT	11927 ALGIERS DR.	CINCINNATI	OHIO	45246	513-435-5939	
OHIO	MR.	JEFF	UBERROTH	3666 TWINVIEW DRIVE	CINCINNATI	OHIO	45247	513-967-7754	
OHIO	MR.	BRANDON	ROLLINS	3018 DANBURY DRIVE	FLORENCE	KENTUCKY	41042	859-206-7108	
OHIO	MR.	GARY	J. SULLIVAN	3222 PARKHILL DRIVE	CINCINNATI	OHIO	45248	513-218-0860	
OHIO	MR.	PAUL	A. BROCKERT	2985 CRANBROOK DRIVE	CINCINNATI	OHIO	45251	513-515-8091	owns 3 territories
OHIO	MR.	TRAVIS	BROWN	8993 FRANKLIN TRENTON ROAD	FRANKLIN	OHIO	45005	513-544-5201	owns 2 territories
OHIO	MR.	JASON	MORRIS	128 GUBALTAR DRIVE	GERMANTOWN	OHIO	45327	937-829-0248	
OHIO	MR.	TOMMY	JEFFERS	1181 MELLIE LANE	MILFORD	OHIO	45150	513-290-9044	
OHIO	MS.	DANIELLE	TURNER	3103 YANKEE ROAD	MIDDLETOWN	OHIO	45044	734-929-8202	own 2 territories
OHIO	MS.	NICOLE	COMELLO	3267 COLEEN DR	CINCINNATI	OHIO	45215	513-315-6957	
OHIO	MR.	WILLIAM	COMELLO	3267 COLEEN DR	CINCINNATI	OHIO	45215	513-835-3585	
OHIO	MR.	JORDAN	SHARP	7184 FRANKLIN MADISON RD.	FRANKLIN	OHIO	45005	513-739-9175	

KENTUCKY	MR.	BRIAN	JONES	6803 CURTIS WAY	FLORENCE	KENTUCKY	41042	859-496-3369	owns 2 territories
KENTUCKY	MR.	TREVON	TAYLOR	258 SERGEANT AVENUE	FT THOMAS	KENTUCKY	41075	859-468-0654	
KENTUCKY	MR.	DEREK	LEISTNER	767 STEPHENS RD	INDEPENDENCE	KENTUCKY	41051	859-468-8246	owns 2 territories
OHIO	MR.	GREG	DEIMLER	6833 OAKLAND ROAD	LOVELAND	OHIO	45140	513-546-6786	owns 2 territories
OHIO	MR.	BRIAN	D. RUST	5685 COLONIAL DRIVE	MILFORD	OHIO	45150	513-460-9890	
OHIO	MR.	DARRIN	ADAMS	5734 WINDSORHILL DRIVE	CINCINNATI	OHIO	45238	513-922-6275	
OHIO	MR.	DARRYL	ARD	2518 IDA AVENUE	NORWOOD	OHIO	45212	513-375-2961	owns 2 territories
OHIO	MS.	CYNTHIA	KIMBLE	377 DELLWOOD RD	AVON LAKE	OHIO	44012	440-864-9335	owns 2 territories
OHIO	MR.	ROBERT	SWIGER	9924 STAMM RD	MANTUA	OHIO	44255	440-384-2270	owns 2 territories
OHIO	MS.	ANDREA	LYTLE	2833 MEISTER RD	LORAIN	OHIO	44053	440-521-3600	owns 3 territories
OHIO	MR.	CHARLES	WEBSTER	29022 HOMEWOOD DR.	WICKCLIFFE	OHIO	44092	440-465-5207	owns 3 territories
OHIO	MR.	DUSTIN	KAY	9334 BEECH ST. NE	LOUISVILLE	OHIO	44641	440-221-0022	owns 4 territories
OHIO	MR.	DENNIS	HARLIN JR.	6584 PLEASANT AVE N	KENT	OHIO	44240	330-554-6257	
OHIO	MR.	STEVEN	PANKUCH	41 PROSPECT ST.	SEVILLE	OHIO	44273	330-212-6654	owns 2 territories
OHIO	MR.	ROB	FIRST	2101 BEACH DRIVE	AKRON	OHIO	44312	330-703-3920	owns 3 territories

Exhibit L
List of Terminated Distributors as of 9/30/25

Terminated 2025

STATE		FIRST	LAST	STREET	CITY	STATE	ZIP	TELEPHONE	
ILLINOIS	MR.	JARETH	COHEN	1053 ST. ANDREWS CIRCLE	RANTOUL	ILLINOIS	61866	217-600-9998	
ILLINOIS	MR.	JEREMY	BAKER	304 N. JOHN ST.	FITHIAN	ILLINOIS	61844	217-495-2627	owns 2 territories
ILLINOIS	MR.	JEREMY	BAKER	304 N. JOHN ST.	FITHIAN	ILLINOIS	61844	217-495-2627	owns 2 territories
ILLINOIS	MR.	CODY	O'HARA	9740 S. PULASKI RD, APT 307	OAK LAWN	ILLINOIS	60453	708-490-5650	
ILLINOIS	MR.	JOSHUA	BORRERO	4048 W. BARRY AVE.	CHICAGO	ILLINOIS	60641	773-331-2978	owns 2 territories
ILLINOIS	MR.	JOSHUA	BORRERO	4048 W. BARRY AVE.	CHICAGO	ILLINOIS	60641	773-331-2978	owns 2 territories
ILLINOIS	MR.	NELSON	MARQUEZ	1601 SCOVILLE AVE.	BERWYN	ILLINOIS	60402	630-412-2345	owns 2 territories
ILLINOIS	MR.	NELSON	MARQUEZ	1601 SCOVILLE AVE.	BERWYN	ILLINOIS	60402	630-412-2345	owns 2 territories
ILLINOIS	MR.	RICKY	WILEY	1506 SCHILLING AVE.	CHICAGO HEIGHTS	ILLINOIS	60411	708-244-6619	
ILLINOIS	MR.	RYAN	SULLIVAN	1185 NORWOOD LANE	AURORA	ILLINOIS	60504	630-402-8743	
ILLINOIS	MR.	NELSON	FELICIANO	298 MERIBAL COURT	SCHAUMBERG	ILLINOIS	60194	773-946-2196	
ILLINOIS	MR.	NELSON	FELICIANO	298 MERIBAL COURT	SCHAUMBERG	ILLINOIS	60194	773-946-2196	
ILLINOIS	MS.	LAQUITA	STRICKLAND	10015 S. ABERDEEN ST.	CHICAGO	ILLINOIS	60643	708-250-9951	
INDIANA	MR.	PAUL	KRUSE	14804 REEDER ROAD	CROWN POINT	INDIANA	46307	219-252-6948	
INDIANA	MR.	SEAN	SHARICK	930 E. COUNTY LANE	SHIPSHEWANA	INDIANA	46565	574-215-0459	
INDIANA	MR.	STEVEN	M. LACAVA	22934 JENNIFER LANE	ELKHART	INDIANA	46514	574-266-1260	owns 2 territories
INDIANA	MR.	STEVEN	M. LACAVA	22934 JENNIFER LANE	ELKHART	INDIANA	46514	574-266-1260	owns 2 territories
INDIANA	MR.	CHAD	WOOD	2013 PANAMA ST	MISHAWAKA	INDIANA	46544	574-340-6329	
INDIANA	MR.	CHAD	WOOD	2013 PANAMA ST	MISHAWAKA	INDIANA	46544	574-340-6329	
INDIANA	MR.	ROBERT	J. VARGO	52205 EVARD DRIVE	GRANGER	INDIANA	46530	574-298-9394	
MIGHIGAN	MR.	DAVID	NASH	7713 HOLDEN ROAD	STEVENSVILLE	MIGHIGAN	49127	269-757-3533	
INDIANA	MR.	SCOTT	MANNIA	126 N. SUMMIT DR.	SOUTH BEND	INDIANA	46619	574-904-0635	
KENTUCKY	MR.	RICKIE	WOODS	121 S. 42ND ST.	LOUISVILLE	KENTUCKY	40212	502-287-3760	
OHIO	MR.	NICK	HUNNELL	2550 WAHL DRIVE	MANSFIELD	OHIO	44904	419-631-5877	
OHIO	MS.	CHRISTINE	BRAUN	3302 KARL RD.	COLUMBUS	OHIO	43224	614-584-9675	owns 2 territories
OHIO	MS.	CHRISTINE	BRAUN	3302 KARL RD.	COLUMBUS	OHIO	43224	614-584-9675	owns 2 territories
OHIO	MR.	COLTON	PITMAN	7804 COMPTON LAKE DR., APT. A	CINCINNATI	OHIO	45231	513-680-3660	
OHIO	MS.	KELLY	NEVILLE	1085 KENSINGTON LN.	CINCINNATI	OHIO	45245	513-309-4431	owns 2 territories
OHIO	MS.	KELLY	NEVILLE	1085 KENSINGTON LN.	CINCINNATI	OHIO	45245	513-309-4431	owns 2 territories
OHIO	MR.	ETHAN	ALLMON	1047 ROSS AVE.	HAMILTON	OHIO	45013	513-213-1446	
OHIO	MR.	MICHAEL	CHRISTY	1061 TRUMBULL AVE, STE D	GIRARD	OHIO	44420	330-581-1737	owns 5 territories
OHIO	MR.	MICHAEL	CHRISTY	1061 TRUMBULL AVE, STE D	GIRARD	OHIO	44420	330-581-1737	owns 5 territories
OHIO	MR.	MICHAEL	CHRISTY	1061 TRUMBULL AVE, STE D	GIRARD	OHIO	44420	330-581-1737	owns 5 territories
OHIO	MR.	MICHAEL	CHRISTY	1061 TRUMBULL AVE, STE D	GIRARD	OHIO	44420	330-581-1737	owns 5 territories
OHIO	MR.	MICHAEL	CHRISTY	1061 TRUMBULL AVE, STE D	GIRARD	OHIO	44420	330-581-1737	owns 5 territories
OHIO	MS.	PRISCILLA	ORTIZ	2518 10TH ST. NW	CANTON	OHIO	44708	330-834-7349	owns 3 territories
OHIO	MS.	PRISCILLA	ORTIZ	2518 10TH ST. NW	CANTON	OHIO	44708	330-834-7349	owns 3 territories
OHIO	MS.	PRISCILLA	ORTIZ	2518 10TH ST. NW	CANTON	OHIO	44708	330-834-7349	owns 3 territories
OHIO	MR.	CHRIS	PETRAK	12117 MILLIGAN AVE	CLEVELAND	OHIO	44135	216-319-9303	
OHIO	MR.	CHRIS	PETRAK	12117 MILLIGAN AVE	CLEVELAND	OHIO	44135	216-319-9303	
OHIO	MR.	CHRIS	PETRAK	12117 MILLIGAN AVE	CLEVELAND	OHIO	44135	216-319-9303	
OHIO	MR.	HECTOR	PINO COLON	111 CAMVET DR.	CAMPBELL	OHIO	44405	330-942-5377	
OHIO	MR.	HECTOR	PINO COLON	111 CAMVET DR.	CAMPBELL	OHIO	44405	330-942-5377	
OHIO	MR.	HECTOR	PINO COLON	111 CAMVET DR.	CAMPBELL	OHIO	44405	330-942-5377	

Exhibit M

State Addenda

Exhibit M
Perfection Bakeries, Inc.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
And Agreements with Franchisor
FOR THE STATE OF ILLINOIS

Items 5, 7 and 17 of the Franchise Disclosure Document, and all Agreements between Distributor and Perfection Bakeries, Inc. (“PERFECTION BAKERIES”), Franchisor, including the Distribution Agreement, Advertising Agreement, Buy Back Agreement, Computer Equipment Lease Agreement, and Security Agreement (collectively “PERFECTION BAKERIES Agreements”) attached as Exhibits C, E, F, G, and H to the Franchise Disclosure Document, are amended as follows:

1. The following is added:

Notwithstanding anything to the contrary contained in the Franchise Disclosure Document and the Agreements, all initial fees are deferred and not payable to Franchisor until Franchisor’s initial obligations to the Franchisee have been completed and the Franchisee has commenced business under the Distribution Agreement. The Illinois Attorney General’s Office imposed this deferral requirement due to the Franchisor’s financial condition.

2. Franchisees’ rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Disclosure Act.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.
4. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Franchisor may increase the weekly fees related to your computer use. There are no limits on the Franchisor’s right to increase these fees.
6. The number of Aunt Millie’s franchises in Illinois have decreased since 2019.
7. There is no formal training program and no Operations Manual for this franchise.
8. In the Matter of Perfection Bakeries Inc. d/b/a/ Aunt Millie’s Bakeries (Case No. 21-AVC-F001, Illinois). From 2013 to 2018, the Franchisor was eligible for exemption from registration under the Illinois Franchise Disclosure Act (“the Act”) based on its net worth (“large franchisor exemption”). In October of 2020 the Franchisor discovered and promptly brought to the attention of the Office of the Attorney General of Illinois (the “Attorney General”) that in fiscal years 2018 and 2019 it no longer met the net worth requirements of the large franchisor exemption under the Act. The Franchisor was not registered under the Act between January 2019 and October 2020. Based on the information provided to the Attorney General by the Franchisor, the Illinois Attorney General concluded that grounds existed to allege that between January 2019 to October 2020, the

Franchisor sold four new franchises and entered into new franchise agreements with Illinois residents during such period, without being registered, in violation of the Act. Without the Franchisor admitting or denying any violation of laws, the Attorney General and the Franchisor reached an agreement to enter into an Assurance of Voluntary Compliance, in which the Franchisor agreed to: (1) refrain from offering and selling franchises in Illinois without being properly registered; (2) offer the affected franchisees with rescission of their franchise agreements (Distribution Agreements); and (3) pay the State of Illinois the sum of \$4,000. This matter was settled upon the signing of the Assurance of Voluntary Compliance dated December 21, 2020.

9. This franchise opportunity is to act as a distributor of baked goods that you buy on a weekly basis from Aunt Millie's. The Franchisor has sole discretion which products it sells to you for resale and distribution in your territory.
10. There is no Right of Termination for You to get out of this franchise.

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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20____.

Franchisor:
Perfection Bakeries, Inc.

Distributor:

By: _____
Title: _____

By: _____
Title: _____

Exhibit M
ADDENDUM
To the Agreements with First Capital Acceptance Corp.
FOR THE STATE OF ILLINOIS

All Agreements between Distributor and First Capital Acceptance Corp. ("First Capital"), including the Promissory Note, Disbursement Authorization, Financing Security Agreement, and Assignment of Receivables (collectively "First Capital Agreements") attached as Exhibit B to the Franchise Disclosure Document, are amended as follows:

1. Illinois law governs the First Capital Agreements.
2. Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Disclosure Act.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.
4. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. There is no formal training program and no Operations Manual for this franchise.

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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20____.

First Capital Acceptance Corp.
An Indiana corporation

Distributor:

By: _____
Title: _____

By: _____
Title: _____

Exhibit M
ADDENDUM
To the Agreements with Distribution Services of America, Inc.
FOR THE STATE OF ILLINOIS

All Agreements between Distributor and Distribution Services of America, Inc. (“DSA”), including the Promissory Note, Financing Security Agreement, and Loan Proceeds Distribution Authorization (collectively “DSA Agreements”) attached as Exhibit J to the Franchise Disclosure Document, are amended as follows:

1. Illinois law governs the DSA Agreement.
2. Franchisees’ rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Disclosure Act.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.
4. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. There is no formal training program and no Operations Manual for this franchise.

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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20____.

Distribution Services of America, Inc.
A Florida corporation

Distributor:

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT M

PERFECTION BAKERIES, INC. ADDENDUM TO THE DISTRIBUTION AGREEMENT FOR THE STATE OF INDIANA

This Addendum is to a Distribution Agreement dated _____, 20__ between PERFECTION BAKERIES, INC. and _____ (Distributor) to amend said Agreement as follows:

The Indiana Franchises Law, Title 23, Chapter 2.5, Sections 1 through 51 of the Indiana Code, supersedes any provisions of the Distribution Agreement if such provisions are in conflict with that law.

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20__.

Franchisor:
PERFECTION BAKERIES, INC.

Distributor:

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT M
PERFECTION BAKERIES, INC.
ADDENDUM TO THE DISTRIBUTION AGREEMENT
FOR THE STATE OF WISCONSIN

This Addendum is to a Distribution Agreement dated _____, 20__ between PERFECTION BAKERIES, INC. and _____ (Distributor) to amend said Agreement as follows:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

No statement, questionnaire or acknowledgement 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 any 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20__.

Franchisor:
PERFECTION BAKERIES, INC.

Distributor:

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT N

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Indiana	Pending
Michigan	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.

ATTACHMENT A - RECEIPT (Your Copy)

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully. If Perfection Bakeries, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. You must also receive a franchise agreement containing all material terms at least 7 calendar days before you sign any franchise agreement. If Perfection Bakeries, Inc. does not deliver this Franchise 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 D.C. 20580 and the state agencies listed in Exhibit A. We authorize the agents listed in Exhibit A to receive service of process on our behalf.

The name, principal business address and telephone number of each franchise seller offering the franchise (check names that apply):

____ Christopher B. Popp, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ George R. Long, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Pat Miller, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Troy Hamman, 1619 East North St, Kokomo, Indiana 46901, phone 800/463-0059
____ Hollie Ann Walston, 15201 West State Road 28, Alexandria, Indiana 46001, phone: 765/425-9842
____ Brian Pasche, 3740 Wilder Road, Bay City, Michigan 48706, phone 989/249-0062
____ Ryan Lee Lewis, 6230 Bluffton Road, Fort Wayne, Indiana 46809 phone: 317/430-8292
____ Ronald Anthony Cwetna, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245
____ John Joseph West III, 1600 Russell Street, Covington, Kentucky 41011, phone 513/335-1195
____ Brian D. Fanelli, 2900 Westchester Avenue, Purchase, New York 10577, phone 914/ 696-7500
____ Aleksander Case, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 219/793-3230.
____ Matt Sawade, 430 68th Street Southwest, Grand Rapids, Michigan 49548, phone 989/621-5865
____ Dave Getz, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Tyler Harris, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Tom Nemec, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Greg Westfall, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.

I have received a Franchise Disclosure Document with an issuance date of February 6, 2026, and as registered in the states noted on Exhibit N effective on the dates shown. This Franchise Disclosure Document includes the following Exhibits:

Exhibit A - State Regulators; Agents for Service of Process Exhibit B-Financing Documents from First Capital Acceptance Corp. (1)(a) Promissory Note (b) Disbursement Authorization (2) Financing Security Agreement (3) UCC-1 (Representative Sample) (4) Purchase of Receivables Exhibit C - Form of Distribution Agreement Exhibit D - Bill of Sale Exhibit E -Advertising Agreement Exhibit F -Buy Back Agreement Exhibit G -Computer Equipment Use Agreement	Exhibit H – (1) Aunt Millie’s Bakeries Security Agreement; and (2) UCC-1 (Representative Sample) Exhibit I - Financial Statements Exhibit J - DSA Financing Documents (1) Promissory Note (2) Financing Security Agreement (3) UCC-1 (Representative Sample) (4) Loan Proceeds Distribution Authorization Exhibit K - List of Distributors as of 9/30/25 Exhibit L - List of Terminated Distributors as of 9/30/25 Exhibit M - State Addenda for Illinois Exhibit N – State Effective Dates
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Date: _____

Printed Name of Distributor

Retain this copy for your records

ATTACHMENT A - RECEIPT (Our Copy)

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully. If Perfection Bakeries, Inc. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. You must also receive a franchise agreement containing all material terms at least 7 calendar days before you sign any franchise agreement. If Perfection Bakeries, Inc. does not deliver this Franchise 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 D.C. 20580 and the state agencies listed in Exhibit A. We authorize the agents listed in Exhibit A to receive service of process on our behalf.

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____ Pat Miller, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Troy Hamman, 1619 East North St, Kokomo, Indiana 46901, phone 800/463-0059
____ Hollie Ann Walston, 15201 West State Road 28, Alexandria, Indiana 46001, phone: 765/425-9842
____ Brian Pasche, 3740 Wilder Road, Bay City, Michigan 48706, phone 989/249-0062
____ Ryan Lee Lewis, 6230 Bluffton Road, Fort Wayne, Indiana 46809 phone: 317/430-8292
____ Ronald Anthony Cwetna, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245
____ John Joseph West III, 1600 Russell Street, Covington, Kentucky 41011, phone 513/335-1195
____ Brian D. Fanelli, 2900 Westchester Avenue, Purchase, New York 10577, phone 914/ 696-7500
____ Aleksander Case, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 219/793-3230.
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____ Dave Getz, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Tyler Harris, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
____ Tom Nemec, 6230 Bluffton Road, Fort Wayne, Indiana 46809, phone: 260/424-8245.
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Date: _____

Signature of Authorized Representative of Distributor

Printed Name of Distributor

Sign and return this copy to Perfection Bakeries, Inc., 6230 Bluffton Road, Fort Wayne, Indiana 46809