

FRANCHISE DISCLOSURE DOCUMENT



TERRITORY OPERATOR:

Dairy Queen of Virginia, Inc.
A Virginia Corporation
12020 Wyndham Lake Drive
Glen Allen, VA 23059-7041
(804) 364-3006
matt.dunham@dq-va.com

HEAD FRANCHISOR:

American Dairy Queen Corporation
a Delaware Corporation
8000 Tower, Suite 700
8331 Norman Center Drive
Bloomington, MN 55437
(952) 830-0200
development@idq.com
www.dq.com

As a subfranchisee, you will operate: a DQ[®] Treat store with indoor seating (and outdoor seating, in certain locations) offering a full menu of approved soft-serve treat and beverage items, and a limited menu of approved food items; or a DQ Grill & Chill[®] restaurant with indoor seating (and outdoor seating, in certain locations) offering a full menu of approved soft-serve treat, beverage and food items.

The total investment necessary to begin operation of a new DQ Treat store ranges from \$570,100 to \$1,615,600 (not including land and non-standard improvement costs). The total investment necessary to begin operation of a new DQ Grill & Chill restaurant ranges from \$1,531,400 to \$2,550,800 (not including land and non-standard improvement costs). This includes \$35,000 that you must pay to us, and \$3,800 to \$51,900 that you must pay to the head franchisor.

If you are converting a unit under our Conversion Program, you will not pay an initial franchise fee, but you will pay some additional fees for goods and services provided by us and by ADQ and its affiliates. If you are opening an additional unit under our ARD Program, we may reduce the initial franchise fee to an amount less than \$35,000, down to \$0.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Chris Lofgren, 12020 Wyndham Lake Drive, Glen Allen, Virginia 23059, (804) 364-3006, chris.lofgren@dq-va.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: June 29, 2023

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 F-I.
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, and Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibits J-K include 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 DQ Treat store and/or DQ Grill & Chill restaurant in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a DQ Treat store and/or DQ Grill & Chill restaurant franchisee?	Item 20 or Exhibits F-I 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 restriction. 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, 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 A.

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

Special Risks to Consider About *This* Franchise

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

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

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

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VIRGINIA STATE ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Exhibits

- A. Agencies/Agents for Service of Process
- B. Operating Agreement and Addenda
- C. Design Services Agreement
- D. Draft Authorization Form
- E. Gift Card Participation Agreement
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Item 1

TERRITORY OPERATOR, ADQ, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document “we,” “our” or “us” means Dairy Queen of Virginia, Inc., the territory operator. “ADQ” means American Dairy Queen Corporation, the head franchisor. “You” means the person who buys the subfranchise, the subfranchisee. If you are a legal entity, “you” also may mean your owners. Certain provisions of the operating agreement will apply to your owners and will be noted in this disclosure document.

Franchise Relationships

We are a Virginia corporation incorporated on January 30, 1956. Our principal business address is 12020 Wyndham Lake Drive, Glen Allen, Virginia 23059, (804) 364-3006. We are authorized to issue DQ Treat and DQ Grill & Chill subfranchises in the Commonwealth of Virginia (the “Territory”) under territory subfranchising rights that ADQ has granted to us. We conduct business under our corporate name. We do not do business or intend to do business under any other name.

ADQ is a Delaware corporation incorporated in 1962. ADQ’s principal business address is 8000 Tower, Suite 700, 8331 Norman Center Drive, Bloomington, MN 55437. ADQ has not had any predecessors during the 10-year period immediately before the close of its most recent fiscal year. ADQ does business under its corporate name and the trade names “Dairy Queen” and “DQ.”

MANY ITEMS OF INFORMATION IN THIS DISCLOSURE DOCUMENT ARE STATED TWICE WHERE NECESSARY, FOR US AND FOR ADQ. WE MUST MAKE THIS DUPLICATE DISCLOSURE, BUT WE ARE AN INDEPENDENT BUSINESS FROM ADQ. WE OPERATE UNDER A TERRITORIAL SUBFRANCHISING CONTRACT WITH ADQ THAT OBLIGATES US TO ADHERE TO ADQ’S REQUIREMENTS. ADQ DOES NOT GUARANTEE THE PERFORMANCE OF OUR OBLIGATIONS TO YOU. WE ARE RESPONSIBLE FOR SUPPORTING OUR SUBFRANCHISEES AND ADQ IS RESPONSIBLE FOR SUPPORTING ITS FRANCHISEES. YOUR OPERATING AGREEMENT IS A CONTRACT BETWEEN YOU AND US.

Territory Operator

Our Business. Our business includes the offer and sale of DQ Treat and DQ Grill & Chill subfranchises. A copy of the Operating Agreement is included as Exhibit B. Our business also includes the ongoing administration of our subfranchise system. (See Item 11.)

We offered Dairy Queen subfranchises from 1959 to 2015 and Dairy Queen/Brazier and Dairy Queen/Limited Brazier subfranchises from 1971 to 2015. We have offered DQ Grill & Chill subfranchises since 2006 and DQ treat subfranchises since 2012. We do not offer franchises in other lines of business. We operate no other business.

Our agent for service of process is disclosed in Exhibit A.

Our Parents, Predecessors and Affiliates. We have no parents, predecessors or affiliates.

The Subfranchise. The DQ Treat subfranchise is for a street location (“DQ/Dairy Queen”) that generally is located in a freestanding building, streetscape or strip center, or for a captive-

venue location (“DQ/Orange Julius”) that generally is located in a shopping mall or center (enclosed or open air, such as a “lifestyle center”) with a minimum of 500,000 square feet of gross leasable area. The DQ Treat subfranchise is for a quick service food establishment with indoor seating (and outdoor seating, in certain locations) that offers a full menu of approved soft-serve treat and beverage items, and a limited menu of approved food items. The DQ Grill & Chill subfranchise is for a quick service food restaurant with indoor seating (and outdoor seating, in certain locations) offering a full menu of approved soft-serve treat, beverage and food items. The Operating Agreement included as Exhibit B (the “operating agreement”) is identical for a DQ/Dairy Queen store, a DQ/Orange Julius store or a DQ Grill & Chill restaurant, except that there are different prescribed menus, subfranchised trademarks and continuing license fees. If you are a transferee, you must sign the then-current operating agreement, and a modernization addendum, if required.

ADQ and its affiliates own and have registered the DQ Grill & Chill, Dairy Queen and Orange Julius trademarks (see Item 13). However, we (not ADQ) offer and sell DQ Treat and DQ Grill & Chill subfranchises in the Territory. Although we have the right to develop, and to subfranchise others to develop, DQ Treat stores and DQ Grill & Chill restaurants in the Territory, we may elect to authorize ADQ to develop, or to license others to develop, DQ Treat stores and DQ Grill & Chill restaurants at specific locations in the Territory.

Unless used or stated otherwise in this disclosure document, the terms “Dairy Queen” and “DQ” are used interchangeably throughout this disclosure document, and the term “DQ system” applies comprehensively to the DQ/Dairy Queen, DQ/Orange Julius and DQ Grill & Chill brands; the term “restaurant” sometimes applies comprehensively to a DQ/Dairy Queen store, a DQ/Orange Julius store or a DQ Grill & Chill restaurant; and the terms “DQ stores or restaurants,” “DQ franchisees or subfranchisees,” and “DQ businesses” apply comprehensively to DQ/Dairy Queen, DQ/Orange Julius and DQ Grill & Chill stores, restaurants, franchisees, subfranchisees or businesses. Also, in this disclosure document, a franchisee who is converting an existing DQ store or restaurant to a DQ Grill & Chill restaurant is sometimes referred to as a “conversion subfranchisee.”

Your operating agreement is a contract between you and us. You are a part of the national and international franchise system of DQ franchisees and subfranchisees, and you must adhere to various standards, designs, specifications, menu items, recipes, techniques, procedures, methods, requirements, formats and management systems relating to uniformity and quality (sometimes referenced collectively in this disclosure document and the operating agreement as “standards”) that we and ADQ establish and modify periodically.

You will use ADQ’s nationally recognized trademarks and service marks that are approved for your concept; have access to the distinctive operational and management attributes of the DQ system; participate in ADQ’s national and regional sales promotion programs; and receive the benefits of association with a nationally recognized franchise system, including various forms of training, opening and operational assistance (see Item 11).

Market. DQ/Dairy Queen, DQ/Orange Julius and DQ Grill & Chill products appeal to the general public, although some products are targeted for particular customers. DQ/Dairy Queen, DQ/Orange Julius and DQ Grill & Chill product sales may be more seasonal in areas of the United States with cooler climates. You will compete with other quick service and fast casual food restaurants and specialty ice cream treat outlets, specialty fruit beverage (primarily smoothies), snack food or treat establishments, including units of other regional and national chains and

franchise systems. The quick service food, specialty ice cream treat and specialty fruit beverage markets are well developed and highly competitive.

Laws and Regulations. DQ stores and restaurants are subject to federal, state and local government laws and regulations that apply to businesses generally, including federal laws such as the Fair Labor Standards Act, National Labor Relations Act and Americans with Disabilities Act, and laws and regulations governing matters such as zoning, site location, construction, business licensing, privacy and data security, safety, minimum wages, overtime, working conditions, workers' compensation insurance, unemployment insurance, consumer protection, trade regulation, environmental protection, and taxation.

In addition, DQ stores and restaurants are subject to various federal, state and local government laws and regulations that apply more particularly to restaurants, such as laws and regulations regulating food storage, food and menu labeling, the preparation and sale of food and beverage products (including packaging requirements, and certain ingredient restrictions such as those relating to transfat), the handling of dairy and meat products, and health and sanitation food service practices.

We strongly encourage you to investigate these laws and regulations before you purchase a subfranchise. It is your sole responsibility to abide by any applicable laws and regulations and to obtain and keep in place all necessary licenses and permits.

Our Conversion Program. We offer a program (the "Conversion Program") to qualifying DQ subfranchisees within the Territory. The Conversion Program allows qualifying DQ subfranchisees to "convert" their existing DQ stores or restaurants to DQ Grill & Chill restaurants by signing a new operating agreement and a Conversion Addendum (see Exhibit B). Unless otherwise noted, the term "convert" means not only facility conversion, but also modernization, replacement and relocation. Whether an existing DQ store or restaurant qualifies for the Conversion Program depends on a number of factors, including: the location, type, age and condition of the facility, the type of operating agreement governing the facility, the subfranchisee's economics, and the subfranchisee's operation and compliance history.

Head Franchisor

ADQ's Parents, Predecessors and Affiliates. ADQ is a wholly-owned subsidiary of its parent corporation, International Dairy Queen ("IDQ"), whose principal business address is the same as ADQ's. IDQ is a wholly-owned subsidiary of its parent corporation, Berkshire Hathaway, Inc., whose principal business address is 1440 Kiewit Plaza, Omaha, Nebraska 68131. ADQ has not had any predecessors during the 10-year period immediately before the close of its most recent fiscal year.

ADQ's affiliates that offer franchises in any line of business or provide products or services to franchisees are: Unified Supply Chain, Inc. ("USCI"); DQF, Inc. ("DQF"); DQGC, Inc. ("DQGC") and federal Canadian corporation Dairy Queen Canada Inc. ("DQC"). In addition, the following ADQ affiliate owns and operates DQ Grill & Chill restaurants: DQ Training Restaurants, LLC ("DQTR"). The principal business address for USCI, DQF, DQGC and DQTR is the same as ADQ. The principal business address for DQC is 1111 International Boulevard, Suite 601, Burlington, Ontario, Canada L7L 6W1.

ADQ's agents for service of process are disclosed in Exhibit A.

Due to the existence of various programs designed to increase unification in the DQ system, there will be DQ stores and restaurants that do not look similar to your store or restaurant and may not have the same design requirements. However, except for unique circumstances, DQ stores and restaurants generally will use the same trademarks, DQ menu and business system as your store or restaurant.

Business of ADQ. ADQ's business includes administering its franchise system, establishing and conducting sales promotion programs for DQ products, and providing various services to its franchisees (see Items 8 and 11). In addition, since ADQ's incorporation, ADQ has operated DQ stores and restaurants on an interim basis. ADQ does not operate any company-owned DQ Grill & Chill restaurants as of the date of this disclosure document, although, as explained further below, ADQ's affiliate, DQTR, owns and operates 2 DQ Grill & Chill restaurants.

ADQ also offers single and multiple unit franchises for the operation of DQ Treat stores under the trade name DQ/Dairy Queen in street locations and DQ/Orange Julius in captive-venue locations. DQ Treat stores sell DQ soft-serve treat and beverage items and a limited number of approved food items. Due to historical factors unique to Texas, ADQ offers DQ single and multiple unit franchises in Texas for DQ restaurants with a food menu different than the DQ Grill & Chill food menu, which is called "Texas Country Food."

In November 2021, ADQ's affiliate, Orange Julius of America (OJA), transferred and assigned all of its right, title and interest in and to its Orange Julius and other trademarks, as well as all of its right, title and interest in and to the Orange Julius franchise system and existing Orange Julius® franchise agreements, to ADQ. Since that time, ADQ's business has included administering the Orange Julius franchise system, establishing and conducting sales promotion programs for Orange Julius products, and providing various services to Orange Julius franchisees. ADQ is not offering or issuing any new Orange Julius franchises. OJA was dissolved in December 2021.

In the past, ADQ issued standard and urban territory franchises in the United States, which are both territory franchises that allow the territory operator to develop the Dairy Queen/Brazier (and now DQ Grill & Chill) and Dairy Queen/Limited Brazier businesses within a defined geographical area ("territory") through subfranchising to 3rd parties. ADQ occasionally acquires a territory operator's interest in various restaurant and store operating agreements through negotiated acquisitions of territorial subfranchising rights. Also in the past, ADQ issued DQ soft-serve-only franchises (for stores featuring approved soft-serve treat items which may or may not sell non-system food), Dairy Queen/Limited Brazier franchises (for stores featuring approved soft-serve treat items and a limited number of approved food items), Dairy Queen/Brazier franchises (for restaurants featuring approved soft-serve treat items and a full menu of Brazier food items), and Dairy Queen/Fuel Center franchises (for locations operated in conjunction with or adjacent to a fuel dispensing or travel businesses). For these franchises that ADQ no longer offers, there may be existing franchisees and subfranchisees that were granted licenses under these franchise programs (including territory operators who continue to subfranchise).

Business of ADQ's Affiliates

IDQ's business includes the limited sale of products to the various franchise systems that its subsidiaries operate. DQF provides various services to direct-licensed franchisees. USCI acts as the "supply chain entity" and sources certain products and equipment to the various franchise

systems that IDQ's subsidiaries operate. (See Item 8 for additional information). DQGC provides gift card services to franchisees and subfranchisees. IDQ, DQF, USCI and DQGC do not and have not issued franchises or conducted a company-operated DQ Grill & Chill restaurant.

DQTR owns and operates 2 DQ Grill & Chill restaurants in Minnesota, 1 of which serves as a training facility for ADQ personnel and franchisees. DQTR has conducted the DQ business since June 2003. DQTR has entered into agreements with ADQ substantially similar to the form operating agreement in place at the time for other franchised locations. These affiliate-owned restaurants are disclosed in Item 20. DQTR does not and has not issued franchises in any line of business.

ADQ has offered a number of international franchise programs over the years under the DQ, Dairy Queen, and DQ Grill & Chill trademarks, including an international territory program, an international multiple-unit development program and an international store program.

DQC has conducted the DQ business and issued various DQ franchises in Canada since 1953. DQC holds exclusive area franchising rights in Canada through licensing agreements with ADQ, under which DQC exercises exclusive rights to license the registered trade name and DQ trademark and certain other trademarks owned by ADQ. DQC issues franchises for DQ Treat stores and DQ Grill & Chill restaurants. While DQC no longer offers Dairy Queen/Brazier, Dairy Queen/Limited Brazier and DQ soft-serve-only franchises, there may be existing franchised locations of these types.

The following table summarizes the franchises issued by ADQ and its affiliates that were operating as of December 31, 2022. Taking into account all the various franchise programs, the DQ system includes over 7,240 DQ stores and restaurants on a global basis.

Company	Franchise Program	Period Franchises Offered	Number of Franchises operating as of 12/31/22
ADQ	DQ Grill & Chill	1962 – Present	1,965 ⁽¹⁾
	DQ Treat	1962 – Present	789 ⁽²⁾
	Dairy Queen/Fuel Center	1990 – 1998	3
	Brazier Food Service Addendum	1982 – Present	15 ⁽³⁾
	Texas DQ Restaurant	1980 – Present	585
	Standard Territory	1962 – 1981	10 ⁽⁴⁾
	Urban Territory	1984 – 1993	1 ⁽⁴⁾
	International Franchise Locations (outside the U.S. and Canada)	1971 – Present	2,269
	Orange Julius	1963 – Present	12
	International Franchise Locations (outside the U.S. and Canada)	1999 – Present	0

Company	Franchise Program	Period Franchises Offered	Number of Franchises operating as of 12/31/22
DQC	DQ Grill & Chill	1963 – Present	482 ⁽⁵⁾
	DQ Treat	1973 – Present	195 ⁽⁶⁾
	Orange Julius	1977 – Present	15

- (1) Included in the total for DQ Grill & Chill are 1,901 DQ Grill & Chill restaurants and 64 Dairy Queen/Brazier restaurants. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished.
- (2) Included in the total for DQ Treat are 334 Dairy Queen/Limited Brazier stores, 194 DQ Treat stores, and 261 Dairy Queen soft-serve-only stores. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished.
- (3) Territory operators that have a signed Brazier food service addendum to their territory agreements are authorized to offer approved food products under the Brazier, DQ Grill & Chill and other related trademarks.
- (4) In addition to territory operators who were granted standard territory or urban territory franchises, other territory operators conduct the Dairy Queen, Dairy Queen/Brazier or DQ Grill & Chill business under older forms of franchise agreement, many of which were issued more than 30 years ago.
- (5) Included in the total for DQ Grill & Chill are 480 DQ Grill & Chill restaurants and 2 Dairy Queen/Brazier restaurants. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished.

Included in the total for DQ Treat are 40 Dairy Queen/Limited Brazier stores, 104 DQ Treat stores, and 51 Dairy Queen soft-serve-only stores. As the systems, menus and products for these concepts have evolved, the distinctions between them have diminished.

Item 2

BUSINESS EXPERIENCE

Our Business Experience

President, General Manager and Director: Mark P. Dunham

Mark Dunham has been a director since 1972, our General Manager since 1975, and our President since 1998.

Vice President and Director: Matthew L. Dunham

Matthew Dunham has been a director since 1997 and our Vice President since 1998.

Corporate Secretary: Janice M. Dunham

Janice Dunham has been our Corporate Secretary since February 2002. She was our Assistant Corporate Secretary from 1980 to January 2002.

Assistant Corporate Secretary: S. Michelle L. Dunham

Michelle Dunham has been our Assistant Corporate Secretary since March 2014. Before that time, Ms. Dunham was not employed outside the home.

Contract & Development Coordinator: Christopher S. Lofgren

Christopher Lofgren has been our Contract & Development Coordinator since June 2016. He was our Business Consultant from July 2004 to June 2016.

ADQ's Business Experience

The following are the directors, principal officers, and other individuals who have management responsibility relating to the sale or operation of the franchises offered under this disclosure document, and their principal positions and employers, during the last 5 years.

Director, Chief Executive Officer and President: Troy A. Bader

Troy Bader has been a Director of ADQ since March 2008 and has been Chief Executive Officer and President of ADQ since January 1, 2018. He served as ADQ's Chief Operating Officer – U.S. & Canada from January 2016 to December 2017 and Chief Operating Officer – U.S. from November 2011 to December 2015. ADQ and its affiliates have employed Mr. Bader in various other management positions since 2001, including as Chief Development and Legal Officer from January 2008 to October 2011.

Director, Executive Vice President, General Counsel, and Secretary: Shelly O'Callaghan

Shelly O'Callaghan has been a Director, Executive Vice President, General Counsel, and Secretary since November 2011. ADQ has employed Ms. O'Callaghan in various management positions since 2010, including as Vice President and Assistant General Counsel from January 2010 to October 2011.

Director and Chief Operating Officer, U.S. and Canada: Daniel J. Kropp

Daniel Kropp has been a Director and Chief Operating Officer, U.S. and Canada, since August 1, 2020. He served as Director and Chief Operating Officer, U.S., between January 1, 2018 and July 31, 2020. From November 2011 to December 31, 2017, Mr. Kropp served as Executive Vice President - U.S. Operations. ADQ has employed Mr. Kropp in various other positions since 1996, including as Executive Vice President - Franchise Operations (East) from January 2010 to October 2011.

Executive Vice President, Marketing, U.S. and Canada: Maria Hokanson

Maria Hokanson has been Executive Vice President, Marketing, U.S. and Canada since August 1, 2020. She served as Executive Vice President, Marketing, U.S. between August 1, 2017 and July 31, 2020. From November 2004 to July 2017, Ms. Hokanson held several roles within the marketing department for ADQ, including Vice President of Product and Brand Marketing (2015-

17), Sr. Director of Product & Brand Marketing (2013-2014), Director of Marketing (2010-2013), Sr. Manager (2008-2013) and Manager (2004-2008).

Executive Vice President of USCI: W. Scott Muyres

Scott Muyres has been Executive Vice President of USCI since January 2015. USCI or IDQ have employed Mr. Muyres in various positions since 1998, including as Vice President – Purchasing of USCI from May 2010 to December 2014.

Executive Vice President, Finance and Accounting: Jeff Grund

Jeff Grund has been Executive Vice President, Finance and Accounting since March 2023. He served as Vice President, Corporate Controller from September 2019 through February 2023. Before joining ADQ, Mr. Grund served as the Chief Financial Officer for Omni Workspace from October 2018 to September 2019; as an independent consultant from May 2018 to September 2018; and as North American Controller for Pentair from 2009 to 2018.

Executive Vice President, Franchise Development: James P. Kerr

James Kerr has been Executive Vice President, Franchise Development since December 2016. ADQ has employed Mr. Kerr since August 2008, including as Vice President – Franchise Development from August 2008 to December 2016. He will be retiring from ADQ on June 30, 2023.

Executive Vice President, Information Technology: Kevin Baartman

Kevin Baartman has been Executive Vice President, Information Technology since July 27, 2020. He served as Vice President - Information Technology between April 29, 2019 and July 26, 2020. From September 2001 to April 2019, he worked for Lund Food Holdings, Inc. as the Vice President, Information Services, leading the Information Technology team and e-commerce operations.

Vice President of Concept Support Services: Jolynn Fielder

Jolynn Fielder has been Vice President of Concept Support Services since May 2021. She served as Vice President of U.S. Franchise Operations, West from February 2017 through April 2021. ADQ has employed Ms. Fielder in various other positions since 1997, including as Area Vice President for the East Great Lakes area from July 2013 to February 2017, and as Director of PRIDE Check Consulting from February 2007 to June 2013.

Vice President of U.S. Franchise Operations, West: Roger C. Brewin

Roger Brewin has been Vice President of U.S. Franchise Operations, West since May 2021. He served as Vice President of U.S. Franchise Operations, East from July 2018 through April 2021, and Vice President of Concept Support Services from October 2015 through June 2018. ADQ has employed Mr. Brewin in various other positions since 2005, including as Area Vice President of Operations – Western Hemisphere from January 2012 to September 2015; Director of Concept Support Services from March 2007 to December 2011; and Business Consultant from June 2005 to February 2007.

Vice President of U.S. Franchise Operations, East: David Giacone

David Giacone has been Vice President of U.S. Franchise Operations, East since May 2021. He served as Vice President of Concept Support Services from July 2018 through April 2021. Mr. Giacone was employed as Director of Operations for the Texas Region from February 2017 through June 2018, and Director of Development Operations from 2013 to 2017. From 2011 to

2013, Mr. Giacone was Director of Operations for Fourteen Foods, Inc., a multi-unit franchisee of ADQ. From 2000 to 2011, Mr. Giacone held various field operation positions with ADQ.

Director of National Franchise Sales and Development, U.S. and Canada: Jennifer Rude

Jennifer Rude has been Director of National Franchise Sales and Development, U.S. and Canada since February 2023. She served as a national franchise sales and development manager in the U.S. from November 2021 through January 2023, and as a franchise developer from July 16, 2014 through November 2021. ADQ has employed Ms. Rude in various other franchise development positions since 2006.

Item 3

LITIGATION

Our Litigation

We have no litigation that is required to be disclosed in this Item.

ADQ's Litigation

Pending Cases

Oakland Family Restaurants, Inc. and Lake Area Restaurants, Inc. v. American Dairy Queen Corporation (United States District Court, Eastern District of Michigan, Southern Division, No. 2:21-cv-12539-TGB-EAS, filed October 28, 2021). Plaintiffs, DQ franchisees, have initiated this litigation seeking a declaratory judgment that ADQ must allow them to divide their respective territories and assign their existing 1965 agreement to multiple transferees, each for a separate portion of their territory, rather than requiring each transferee to sign ADQ's current form of franchise agreement. Additionally, Plaintiffs are claiming breach of contract resulting in monetary damages, promissory estoppel, attorneys' fees and costs. ADQ has denied the claims. Discovery is ongoing.

LG2, LLC v. American Dairy Queen Corporation (United States District Court, District of Minnesota, No. 0:22-cv-01044, filed April 26, 2022). Plaintiff, a DQ franchisee, initiated this litigation seeking compensatory damages and a declaratory judgment that ADQ must allow Plaintiff to relocate its DQ business without being required to obtain ADQ's permission, sign ADQ's current form of franchise agreement, or change its menu. ADQ's system standards do not allow for the development of new restaurants, or the relocation of restaurants, with Plaintiff's non-system food menu. Plaintiff alleges breach of contract and the implied covenant of good faith and faith dealing, and violation of the Minnesota Franchise Act. Additionally, Plaintiff is seeking injunctive relief, interest, attorneys' fees and costs. In January 2023, the Court granted ADQ's motion to dismiss Plaintiff's claims under the Minnesota Franchise Act, but denied ADQ's Motion to Transfer Venue. In response, Plaintiff filed a Motion for Leave to File First Amended Complaint, which is pending. ADQ denies the claims and will continue to vigorously defend itself.

D.Q.S.A., LLC dba Dairy Queen of Southern Arizona v. American Dairy Queen Corporation (United States District Court, District of Arizona, No. CV-22-00335-JGZ, filed July 29, 2022). Territory Operator D.Q.S.A commenced this action to enjoin ADQ from requiring it to enforce the purchase and installation of the Integrated Technology Platform (ITP), ADQ's required EPOS system, with its sub-franchisees. D.Q.S.A. claims that this requirement can only be enforced

against the sub-franchisees in certain circumstances, such as a modernization of the restaurant, which is required every 10 years. D.Q.S.A. seeks a declaratory judgment stating that the relevant territory agreements and sublicense agreements only mandate installation of new equipment, including ITP, upon the earlier of the 10-year remodel, renewal of the sub-franchise, or transfer of the sub-franchised location. D.Q.S.A. also seeks an injunction enjoining ADQ from taking action against D.Q.S.A. relative to the enforcement of the ITP requirements. ADQ disputes these allegations and denies that the relevant contracts do not allow enforcement of the ITP requirements. The parties have filed cross-motions for summary judgment. ADQ will continue to vigorously defend against the claims.

Concluded Cases

Richard J and Kazuko Kunz, Bruce D. and Patricia J. Lahm vs. American Dairy Queen Corporation and International Dairy Queen, Inc. (State of Minnesota District Court, Hennepin County, Fourth Judicial District, No. 27-CV-13-922, filed January 15, 2013). The plaintiffs initiated this action claiming that ADQ improperly increased or “flexed” franchisees sales promotion fees to levels greater than what was permitted under the franchisees’ franchise agreements. The named-plaintiffs in the action were seeking class certification on behalf of themselves and other similarly-situated franchisees along with: (1) a declaratory judgment that ADQ does not have the right to flex the franchisees’ sales promotion fee payments; (2) an order enjoining ADQ from, in the future, flexing the franchisees’ sales promotion fee payments in a manner that is not expressly permitted by the applicable franchise agreements; (3) a judgment for damages that the franchisees have suffered as a result of ADQ flexing the franchisees’ sales promotion fee payments; and (4) costs, disbursements, and reasonable attorneys’ fees. ADQ and IDQ filed an answer denying plaintiffs’ claims and opposing class certification. Among other things, ADQ and IDQ asserted that they expended all sales promotion fees for their intended purpose, namely, sales promotion activities in the franchisees’ Designated Marketing Area (“DMA”) and that all of the “flexed” sales promotion fees were allocated to the marketing budget for the franchisees’ respective DMAs and expended at the DMA level in accordance with the DMAs’ marketing plans for each marketing year. In or about November 2013, the parties reached a settlement agreement under which ADQ agreed to reimburse plaintiffs the amount of their “flexed” sales promotion fees for the period January 1, 2006 through December 31, 2010. As part of the settlement, ADQ is entitled to recover the amounts it reimbursed the plaintiffs from future sales promotion fees paid by them.

Timothy A. and Amy Lefevre, Dairy Queen of Bainbridge, Jerry Chabrian, Lavern Engelman, Ken Fugett, Thomas and Karyl Cleary, Thomas E. Klein and MAR-KA, Inc. vs. American Dairy Queen Corporation and International Dairy Queen, Inc. (American Arbitration Association, No. 002-8DF-9JF, filed January 15, 2013). The plaintiffs initiated this arbitration claiming that ADQ improperly increased or “flexed” franchisees’ sales promotion fees to levels greater than what was permitted under the franchisees’ franchise agreements. The plaintiffs in the action sought class certification on behalf of themselves and other similarly-situated franchisees. Plaintiffs also included claims for breach of contract and the implied covenant of good faith and fair dealing, conversion, and violations of the Minnesota Franchise Act and sought declaratory and injunctive relief, and damages and legal costs. On or about September 10, 2014, the parties reached a settlement agreement under which ADQ agreed to reimburse any franchisees that were incorrectly flexed the amount of their “flexed” sales promotion fees for an agreed upon number of years. As part of the settlement, ADQ is entitled to recover the amounts it reimbursed the franchisees from

future sales promotion fees paid by them. ADQ also agreed to allow the Dairy Queen Operators Association, at its own expense, to audit ADQ's flexing decisions for the next 5 years.

Rodney Johnson and Food Ventures, Inc. vs. American Dairy Queen Corporation (American Arbitration Association, No. 01-16-0005-3571, filed December 9, 2016). Claimants, a DQ Grill & Chill franchisee and its owner, initiated this arbitration claiming that ADQ unlawfully encroached upon their franchise by franchising another DQ Grill & Chill restaurant in what they allege is too close a proximity to their restaurant. Claimants alleged that the encroachment caused a decline in their restaurant's sales and profitability. They claimed that ADQ's actions violated the Washington Franchise Investment Protection Act and the Washington Consumer Protection Act and alleged breach of contract, breach of the implied covenant of good faith and tortious interference with business expectancy. On August 5, 2017, the parties entered into a settlement agreement under which claimants are allowed to pay ADQ a reduced royalty fee and advertising fee for set periods and avoid the modernization requirement for the next transfer of the franchise since the restaurant recently had been remodeled to current image. ADQ also paid claimants \$25,000.

American Dairy Queen Corporation. vs. Universal Investment Corporation f/k/a Neos Corporation (United States District Court, Western District of Wisconsin, No: 16-cv-323, filed May 16, 2016). ADQ commenced this action against the defendant franchisee seeking a declaratory judgment that ADQ properly terminated defendant's franchise agreement after defendant failed to comply with numerous contractual requirements and then failed to timely cure its defaults of the franchise agreement after notice from ADQ. ADQ also sought injunctive relief and damages under the Lanham Act for defendant's infringement of ADQ's trademarks. Defendant counterclaimed against ADQ alleging claims for violation of the Wisconsin Fair Dealership Law, tortious interference with contract, and several counts of intentional breach of contract. On August 25, 2017, the court granted ADQ's motion for partial summary judgment and dismissed defendant's claim for tortious interference. The parties settled the remaining claims on December 11, 2017 with defendant agreeing to relinquish any remaining rights he may have to use ADQ's trademarks and systems under, and to the termination of, his franchise agreement and the territory agreements for four territories in Iowa in exchange for a mutual release of claims and a payment of \$425,000 from ADQ.

M & M Petroleum Too, Inc. vs. American Dairy Queen Corporation (American Arbitration Association, No. 01-19-0003-3181, filed October 18, 2019). ADQ terminated Petitioner's franchise rights effective October 21, 2019 for failure to submit accounts receivable balances, store monthly reports and fees and other documents contractually required under the operating agreement to be submitted to ADQ. Petitioner alleged wrongful termination and requested a stay of the termination pending a determination of Petitioner's rights under the operating agreement. Petitioner also claimed damages for breach of contract and attorneys' fees. ADQ denied Petitioner's claims and counterclaimed for breaches of the operating agreement. The parties reached a settlement on March 12, 2020 under which they agreed to terminate the operating agreement effective April 15, 2020 and both parties agreed to waive their claims for damages, including ADQ's claims for any unpaid fees owed by Petitioner.

White Enterprise, Inc. vs. American Dairy Queen Corporation (American Arbitration Association, No. 01-20-0000-3584, filed January 30, 2020). Claimant commenced this action January 30, 2020 alleging a breach of contract and implied covenant of good faith and fair dealing. In addition,

Claimant seeks a declaratory judgment requiring ADQ to provide Claimant with the full benefits of ADQ's sales promotion program including point-of-sale and other store-level materials without the requirement of pledging to the higher national marketing fund commitment level. The parties reached a settlement on May 15, 2020 under which they agreed that, effective January 1, 2021, Claimant would pay to ADQ a sales promotion fee of 2.5% of gross sales and ADQ would provide Claimant with the full benefits available under the National Marketing Fund ("NMF") or any equivalent marketing program made available to U.S. franchisees in the future.

Actions Involving the Franchise Relationship

In 2022, neither ADQ nor its affiliates initiated any actions involving the franchise relationship.

Other than the actions described above, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

Our Bankruptcies

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

ADQ's Bankruptcies

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

Item 5

INITIAL FEES

Initial Franchise Fee.

You must pay us a \$35,000 initial franchise fee when you sign an operating agreement

We will return the initial franchise fee to you in full without interest if we do not approve your application or you submit written notification to us to cancel your application before our final approval of the application. The initial franchise fee is fully earned when the operating agreement is signed. However, we may declare the operating agreement null and void, and may refund the initial franchise fee to you, less a cancellation fee of \$10,000, or a cancellation fee equal to our and ADQ's expenses, whichever is greater, in the following circumstances: (i) if you request the withdrawal of your application after we have approved it; (ii) if your trainees, as specified in Items 11 and 15, fail to successfully complete ADQ's training program to ADQ's or our reasonable satisfaction; (iii) if you do not designate and we do not approve a site for the store or restaurant within 90 days from the date we approve your application; or (iv) if you have not begun construction within 180 days from the date we approve your authorized location. In the instances described in (i) – (iv), we have the right to cancel any agreements that you have signed with us, without opportunity to cure. We estimate that our and ADQ's expenses will range from \$1,000 to \$5,000.

The initial franchise fee is uniform, except that we issue subfranchises to certain qualified persons, for no initial franchise fee or for an initial franchise fee of less than the \$35,000, under our additional restaurant development program (“ARD Program”). These circumstances ordinarily are confined to existing subfranchisees who desire to open additional DQ stores or restaurants. We must approve the additional location, and the existing subfranchisee cannot be in default of his/her current operating agreement. We may refuse to approve an additional subfranchise or may refuse to offer an additional subfranchise for no initial franchise fee or for a reduced initial franchise fee.

We also have a Conversion Program. If you participate in our Conversion Program, you will not pay an initial franchise fee, but you will pay some fees for goods and services provided by us and by ADQ and its affiliates before you convert, as further described in more detail in this Item and Items 1, 7, 8 and 11. These goods and services may include, among other items, building plans, equipment, advertising materials, training and training inventory.

In our fiscal year ended February 28, 2023, no subfranchisees opened additional units under our ARD Program and paid no initial franchise fee, and no subfranchisees converted units to DQ Grill & Chill restaurants under the Conversion Program.

Your license to use the DQ Grill & Chill, Dairy Queen, DQ or Orange Julius trademarks does not become effective, and you may not open and operate your store or restaurant, until we notify you that you have satisfied all of the pre-opening conditions in the operating agreement and approve the opening of the store or restaurant.

Building Plans. We must approve the building plans for your store or restaurant before you begin construction or conversion. The final building plans for your store or restaurant must be full architectural, structural, mechanical, electrical, plumbing, final site and grading plans and food service drawings, showing equipment layout, manufacturer and model numbers and bearing the seal of a registered architect in the state where your store or restaurant will be located. We recommend that you submit preliminary designs to us for our review before the preparation and submission to us of your final building plans. We must approve in writing any proposed alterations to previously approved building plans.

ADQ will provide you with prototypical design intent building plans for a freestanding DQ store or restaurant for \$3,000. This fee is uniform and nonrefundable. ADQ does not provide building plans for converting non-DQ buildings to DQ Treat stores or DQ Grill & Chill restaurants. ADQ’s intent building plans are designed to meet Minnesota Building Code requirements. You must, at your expense, conform the plans to local, state and federal laws and building code requirements, including the Americans With Disabilities Act. If your local architect makes revisions to ADQ’s prototypical design intent building plans or any design criteria information, those revisions will become the property of ADQ. ADQ and its affiliates may use those revisions in any manner in the future.

Training

ADQ charges a \$3,600 initial training fee for each trainee who attends ADQ’s initial training program. You must send at least 2 trainees to the initial training program for a new DQ Treat store and at least 3 trainees to the initial training program for a new DQ Grill & Chill restaurant. Your initial franchise fee covers the attendance of 1 trainee at the initial training program. You must pay ADQ a \$3,600 fee for each additional trainee who attends.

ADQ collects a \$200 fee per trainee for the management training readiness assessment (“MTRA”), and pays the fee to a 3rd party. You must send at least 2 trainees to the MTRA for a new DQ Treat store and at least 3 trainees to the MTRA for a new DQ Grill & Chill restaurant. Your initial franchise fee covers the attendance of 1 trainee at the MTRA. See Items 7 and 11 for more information on the MTRA.

You must pay these fees before training begins. These fees are uniform and nonrefundable. In addition to these fees, you must pay all of your trainees’ travel and living expenses. See Items 6, 7, 8 and 11 for more information.

On-Site Pre-Opening and Opening Assistance. If you are opening your 1st store or restaurant, or your 1st DQ Grill & Chill restaurant, we will provide you with on-site opening assistance for a period of time we consider necessary, for personnel training and store opening. The cost of this assistance is included in any initial franchise fee you pay.

At your request and in some limited instances, ADQ may be able to provide you with on-site pre-opening and opening assistance, subject to staff availability and its then-current policies, for an additional fee in an amount determined by ADQ based on the services you request. ADQ does not have a standard agreement for this type of assistance, and negotiates each situation individually. The fee is nonrefundable.

Training and Opening Inventory. Before opening or converting, you must purchase the training inventory that you and your personnel will use at your store or restaurant during our on-site opening assistance. You may pay ADQ for some of the training inventory. We estimate that the cost of the training inventory will range from \$2,000 to \$6,000 for a DQ Treat store or \$6,000 to \$17,000 for a DQ Grill & Chill restaurant. You also must purchase the inventory that you will use to open your store or restaurant, which we and ADQ estimate will range from \$5,000 to \$12,000 for a DQ Treat store or \$16,000 to \$40,000 for a DQ Grill & Chill restaurant. See Items 6 and 7 for additional information.

Item 6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Continuing License Fee	<u>Currently:</u> 4% of Gross Sales (DQ Grill & Chill restaurant) 5% of Gross Sales (DQ Treat store) 6% of Gross Sales (DQ soft-serve-only) Minimum fee payable during any period of business interruption (See Note 19)	On or before the 10 th day of the month following the month for which the fee is due, unless we require payment on a weekly basis.	See Notes 2, 13, 14 and 15
Sales Promotion Program Fee	3% to 6% of Gross Sales Minimum fee payable during any period of business interruption (See Note 19)	On or before the 10 th day of the month following the month for which the fee is due, unless we require payment on a weekly basis.	See Notes 2, 3, 13, 14 and 15
Operational Program Fees	Will vary under circumstances Minimum fee payable during any period of business interruption (See Note 19)	When due	You must pay reasonable fees for any costs associated with administering any new operational programs or initiatives established generally for the DQ system by us or ADQ.
Transfer Fee	Currently \$5,000	When you submit transfer application	See Note 4
Additional Restaurant Development Fee Discount Reimbursement Charge (applies only to our ARD Program)	\$12,000 to \$24,000	When you submit transfer application	See Note 4
Renewal Fee	\$2,500	On renewal	See Note 5
Audit and Record-keeping	Your contractual percentage continuing license fees and percentage sales promotion program fees times the amount of understated Gross Sales, plus any other amounts owed to us.	When incurred	See Note 6

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Termination Fee	One of the following: 1) 2 times the continuing license fee due for the last 12 months of active operations; (2) If the location did not operate for a full 12 months, 24 times the average monthly continuing license fee when the location was open; or (3) If less than 24 months remain on the operating agreement, the number of months remaining times the average monthly continuing license fees due for the last 12 months of active operations.	On termination	See Note 7
Interest and Late Fees	Will vary under circumstances	When incurred	See Note 8
Modernization Expenses	\$0 to \$101,100 or more each time you modernize, plus \$9,500 to \$34,000 or more for signage	When incurred	See Note 9
EPOS Software Support Program	About \$1,200 to \$1,600 annually	When incurred	See Note 10
Gift Card Program	Currently, 3% of total gift card redemption	When incurred	See Note 10
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	See Note 11
Management Skills and Professional Development Course	Currently \$200 per trainee	Before training	See Note 12
Training Materials	\$150 to \$500	When incurred	See Note 16
Training Cancellation or Substitution Fee	\$150 or \$1,000	On cancellation or substitution	See Note 17
Additional Training Fees	Will vary under circumstances	Before training	If your designated manager or assistant manager leaves, you must replace them with new personnel who have completed ADQ's training requirements
Internet Connection	\$10 to \$80 per month	When incurred	See Note 18

Notes:

- (1) Except where otherwise noted, all fees are payable to us, ADQ or 1 of ADQ's affiliates and are uniformly imposed and nonrefundable.
- (2) "Gross Sales" include the total revenue and receipts from the sale of all products sold by your store or restaurant, including sales of all products under any of ADQ's trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from the sale of gift cards. Periodically, we may

reduce the continuing license fee for other situations in specialty captive-venue locations that charge admission or require a ticket for entrance, such as airports and sports stadiums.

If you are a conversion subfranchisee who signs a Conversion Addendum to convert your existing DQ store or restaurant to a DQ Grill & Chill restaurant, you will carry over your continuing license fee for soft-serve treat items and pay the continuing license fee described in the Conversion Addendum for all other products. If you are a transferee purchasing an existing DQ store offering only soft-serve treat and beverage items, your royalty rate will be 6%. This type of DQ store is no longer offered new, and is only available through a transfer.

- (3) You must pay us a sales promotion program fee based on your Gross Sales. We collect this fee, remit a portion of the fee to ADQ for national advertising and promotional programs, and deposit the balance of the fee in an advertising account or subaccount for your designated market area (DMA). You and the other DQ store or restaurant operators in your DMA will determine which advertising and promotional programs you will use in your DMA. Also see Item 11. Periodically, we may reduce the sales promotion fee for other situations in specialty captive-venue locations that charge admission or require a ticket for entrance, such as airports and sports stadiums.
- (4) The transfer fee is currently \$5,500. On January 1, 2025, and on each 5-year anniversary thereafter, we may increase the transfer fee by \$500 or more. We will return the transfer fee, less any actual expenditures or disbursements that we incur in processing the proposed transfer, if we do not consent to your proposed transfer or if we exercise our right of 1st refusal. If you attempt to transfer in violation of the operating agreement, your transfer is void and we may either terminate the subfranchise or collect from you a transfer fee of 2 times the then-current transfer fee (See Item 17).

For DQ stores or restaurants opened under our ARD Program, in connection with a transfer, in addition to the transfer fee specified above, at our election, you must pay an additional restaurant development fee discount reimbursement charge, based on the following formula:

Transfer and assignment within 1 year of opening -	\$24,000
1 st year to 2 nd year -	\$20,800
2 nd year to 3 rd year -	\$16,800
3 rd year to 4 th year -	\$12,000

- (5) The license renewal fee is \$2,500.
- (6) You must keep records for your store or restaurant. The records include detailed daily sales, cost of sales, profit and loss statements, balance sheets and other relevant records or information, maintained in a format and methodology that we and ADQ approve. Once collected, you must give us and/or ADQ these records according to reporting formats, methodologies and time schedules that we and ADQ establish periodically. We or ADQ may, at our or its own expense, evaluate, copy and audit your books. If the evaluation or audit reveals any understatement of your Gross Sales of 3% or more, you must pay all professional fees, travel, room and board, and expenses for the evaluation or audit and we and/or ADQ may conduct additional evaluations or audits of your books as we or ADQ consider reasonably necessary for up to 2 more years. You also must pay all professional fees, travel, room and board, and expenses for the additional evaluations or audits.
- (7) If we terminate the subfranchise because of your defaults, you must pay to us a fee in an amount equal to 2 times the continuing license fees due for the last 12 months of your store's or restaurant's active operations. If the location did not operate for a full 12 months, 24 times the average monthly continuing license fee when the location was open; or if less than 24 months remain on the operating agreement, the number of months remaining times the average monthly continuing license fees due for the last 12 months of active operations. This fee does not apply if termination occurs before your store or restaurant opens. See Item 17.

- (8) You must pay all business debts, liens and taxes promptly when due. If you fail to do so, we may pay the same and then be entitled to immediate reimbursement from you. Unpaid debts owed to us or our affiliates bear interest from the date of accrual at the lesser of 18% or the highest rate allowed by Virginia law. We may require you to pay to us a late fee of up to \$50 for each late report or payment. A payment is late if the payment is not received by us on or before the date due, the payment is not honored by your bank, or there are insufficient funds in your account to collect the payment by a transfer of funds authorization on or after the date due.
- (9) You must modernize your building, premises, equipment, signage and grounds when you transfer any interest in the subfranchise, convert an existing unit to another type of DQ store or restaurant in the DQ system, or when you renew your subfranchise, and no less than every 10 years or shorter period, if any, required by any lease for the premises. The modernization must conform to the standards that we and/or ADQ prescribe at that time for similarly situated new DQ stores or restaurants. As described in Item 1, the DQ Treat building designs are now the approved building standards for all DQ stores offering a full menu of approved soft-serve treat and beverage items, and a limited menu of approved food items, and the DQ Grill & Chill building designs are now the approved building standards for all DQ restaurants offering a full menu of approved soft-serve treat, beverage and food items. If the modernization requirement is triggered within 3 years before the expiration of a nonrenewable lease, you will not be required to modernize, unless the landlord of the store or restaurant premises requires you to modernize under the terms of the lease. Because the scope of a required modernization may vary based on existing sales volume and may range from replacing restaurant signage to complete refurbishing or re-imaging of the store or restaurant, including replacing finishes, furniture, fixtures and counter area, and upgrading or replacing your computer restaurant management systems, your costs to modernize may vary, depending on your particular circumstances. You may make these payments in whole or in part to 3rd parties. Before the time you modernize your store or restaurant, you must submit your modernization plans to us for our approval.

The estimated expenses provided for signage range from basic storefront signage and shared monument sign needed for a strip center location on the low end, to signage for a freestanding location on the high end (dual building signage, 1 pylon, a reader board, the Grill & Chill bowtie, and directional signage).

- (10) During the 1st year you own the EPOS system, you must purchase an approved software support program. Although the software support program is not required after the 1st year, it is strongly recommended. See Items 8 and 11 for additional information on the software support program for the EPOS system. Gift card program fees are allocated based on a shared cost model between subfranchisees, franchisees and the national marketing fund (“NMF”). Currently, DQ franchisees and subfranchisees pay fees equaling 3% of total gift card redemptions, which ADQ estimates will be about \$200 per year per location. NMF covers the balance of the gift card program’s costs. In the future, the percentage allocation of costs between franchisees and subfranchisees and NMF may change.
- (11) You must pay us our costs and attorneys’ fees in obtaining injunctive or other relief against you under the operating agreement.
- (12) ADQ periodically offers optional management skills and professional development courses for existing managers, franchisees and subfranchisees as refresher or supplemental management training programs. The tuition is currently \$200 per trainee. The courses are offered regionally, at centrally-located hotels. You must pay your trainees’ wages and any travel and living expenses.
- (13) We may, at our sole option, collect continuing license and sales promotion program fees from you through a surcharge method of pre-collection. Under this method, you must pay to suppliers of mix, meat, and other products and ingredients used in the subfranchised business a surcharge on all the products you purchase. We establish the surcharge at a reasonable rate so as to approximate the amount

of continuing license fee and sales promotion program fee that you will be required to pay. We will perform a reconciliation of fees paid versus fees due either on a monthly or quarterly basis.

As an alternative to the surcharge method of collection program, we may collect estimated continuing license and sales promotion program fees from you through a weekly payment program. Under this program, we will establish a specific amount that you will prepay to us each week as an estimate of the continuing license and sales promotion program fees that will be due at the end of the month. We will perform a reconciliation of fees paid versus fees due either on a monthly or quarterly basis.

- (14) We may require you to sign an electronic transfer of funds authorization for your business bank account. A copy of our current draft authorization form is included as Exhibit D of this disclosure document. The authorization permits us or ADQ or ADQ's affiliates to collect from your account actual and estimated (in the case of the weekly payment program described in Note 13 above) amounts due and payable to us, ADQ or ADQ's affiliates for goods or services, including continuing license and sales promotion program fees. As an alternative, we may require you to sign an authorization to allow for some other method of payment.
- (15) Some franchisees or subfranchisees in your trade area may pay (or account for) higher, lower or no sales promotion fees. Any company-operated DQ Treat stores or DQ Grill & Chill restaurants in your trade area will pay (or account for) at least the same sales promotion fee as you do.
- (16) We or ADQ may produce and require you to purchase certain restaurant training materials for use with your personnel. These may include DVDs, CDs, written publications, and other items.
- (17) You must pay a cancellation fee to ADQ if any trainee cancels training once scheduled. If a trainee cancels Phase 1 and 2 of training more than 14 days before the start of the training class, you must pay a cancellation fee of \$150. If a trainee cancels Phase 1 and 2 training 14 days or less before the start of the training class, you must pay a cancellation fee of \$750. If a trainee cancels Phase 3 of training 14 days or less before the start of the training class, you must pay a cancellation fee of \$1,000. You must pay a substitution fee of \$100 if you substitute a new individual to attend a training class less than 14 days before the class starts.
- (18) This amount is paid to your Internet service provider, and will vary based on a number of factors, such as the type of Internet service provided and local market conditions. See Item 11 for further information about Internet connection requirements.
- (19) During any period of business interruption, whether caused by a Force Majeure event (see Section 15.12 of the operating agreement), Voluntary Abandonment (see Section 6.9(B) of the operating agreement), damage or destruction of the Restaurant (see Section 6.9(C) of the operating agreement), or any other cause within or not within your control, you must pay minimum continuing license fees, sales promotion program fees and operational program fees for each month or part of a month equal to the fees that were payable for the prior year's same month or comparable part of the same month (i.e., if there is a business interruption during all or part of December 2023, the minimum fees would be due based on the fees that were payable for all of December 2022 or the comparable part of December 2022).

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment Is To Be Made (1)
Initial franchise fee (See Note 2)	\$35,000	Lump sum	When you sign the operating agreement	Us
Initial training program (See Note 3)	\$3,600 - \$10,800, for 2 to 4 trainees	Lump sum	Before training	ADQ (training for 1 trainee is included in the initial franchise fee)
Management Training Readiness Assessment training (See Note 3)	\$200 - \$600, for 2 to 4 trainees	Lump sum	Before training	ADQ (ADQ pays this fee to 3 rd party; training for 1 trainee is included in the initial franchise fee)
SERVSAFE course (See Note 3)	\$400 - \$1,600, for 2 to 4 trainees	Lump sum	Before training	3 rd party
Travel and living expenses (See Note 4)	\$5,200 - \$14,100, for 2 – 3 DQ Treat store trainees \$16,000 - \$50,800, for 2 to 4 DQ Grill & Chill trainees	Lump sum	As incurred	3 rd parties
Building construction and leasehold improvements (See Notes 5, 6)	\$235,000 - \$470,000, for DQ Treat store in captive-venue location \$390,000 - \$870,000, for DQ Treat store with street location, excluding cost of land \$800,000 - \$1,400,000, for DQ Grill & Chill restaurant, excluding cost of land	Note 5	Note 5	ADQ (\$0-\$7,500 for construction consultation services); 3 rd parties
Prepaid rent and security deposit (See Note 7)	\$2,500 - \$5,500, for DQ Treat store	Lump sum	Before opening	Landlord
Building plans, design intent plans and architectural seal (See Notes 8)	\$7,000 - \$38,000, for DQ Treat store \$15,000 - \$48,000, for DQ Grill & Chill restaurant	Lump sum	As incurred	ADQ (\$0-\$3,000 for prototypical design intent building plans); local architect

Type of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment Is To Be Made (1)
Equipment and fixtures (including signs and EPOS system) (See Note 9)	\$220,000 - \$360,000, for DQ Treat store in captive-venue location \$360,000 - \$420,000, for DQ Treat store with street location \$575,000 - \$700,000, for DQ Grill & Chill restaurant	Lump sum or, down payment with balance financed	When you place order	3 rd parties
Credit card processing fees (See Note 10)	\$200 - \$2,000	As arranged	When incurred	3 rd parties
Training inventory (See Note 11)	\$2,000 - \$6,000, for DQ Treat store \$6,000 - \$17,000, for DQ Grill & Chill restaurant	Lump sum	Before opening	ADQ (\$0-\$6,000, for DQ Treat store; \$0-\$10,000, for DQ Grill & Chill restaurant); 3 rd parties
Opening inventory (See Note 11)	\$5,000 - \$12,000, for DQ Treat store \$16,000 - \$40,000, for DQ Grill & Chill restaurant	Lump sum	Before opening	3 rd parties
Utility deposits, business licenses and government charges (See Note 12)	\$4,000 - \$17,000	Lump sum	Before opening	3 rd parties
Insurance (See Note 13)	\$6,000 - \$20,000	As arranged	As agreed	ADQ (\$0-\$20,000); 3 rd parties
Attorneys' fees (See Note 14)	\$4,000 - \$8,000	Lump sum	As incurred	Attorney
Additional funds (3 to 9 months) (See Note 15)	\$40,000 - \$155,000, for DQ Treat store \$50,000 - \$200,000, for DQ Grill & Chill restaurant	As incurred	Before opening and as incurred	3 rd parties
TOTAL (See Notes 16 and 17)	\$570,100 - \$1,615,600 for new DQ Treat store (does not include land and non-standard improvement costs; does not reflect lower or waived initial franchise fee for store opened under our Conversion Program or our ARD Program; low estimate assumes 2 trainees at initial training; high estimate assumes 3 or 4 trainees at initial training) \$1,531,400 - \$2,550,800 for new DQ Grill & Chill restaurant (does not include land and non-standard improvement costs; does not reflect lower or waived initial franchise fee for restaurant opened under our Conversion Program or our ARD Program; low estimate assumes 2 trainees at initial training; high estimate assumes 4 trainees at initial training)			

Notes:

- (1) Except where otherwise noted, all fees that you pay to us, ADQ, or our or ADQ's affiliates are nonrefundable. 3rd party lessors, contractors, and suppliers will decide if payments to them are refundable.
- (2) If you are new to the DQ system, your initial franchise fee will be \$35,000. If you are a qualified existing subfranchisee and are opening an additional unit, the initial franchise fee may be reduced to \$0. We may refuse to approve your opening of an additional unit, or may refuse to offer or grant you an additional subfranchise for no initial franchise fee or for a reduced initial franchise fee. See Item 5 for conditions under which the initial franchise fee is refundable.
- (3) The estimates in the table assume 3 trainees for a new DQ Treat store (2 trainees are required) or 4 trainees for a new DQ Grill & Chill restaurant (3 trainees are required). ADQ charges a \$3,600 initial training fee for each trainee who attends all 3 phases of ADQ's initial training program. If you are a current franchisee that already has at least one existing DQ store or restaurant open and operating for a minimum of 2 years and you are developing an additional store or restaurant under our ARD Program, you may be permitted to have training candidates with a certain level of experience and operational approval test out of Product and Equipment Training (phase 1), in which case the cost of the remaining phases of ADQ's training program is \$2,300/person, or test out of both Product and Equipment Training, and Service, Management and Financial Basics Training (phases 1 and 2), in which case the cost of the remaining phase of ADQ's training program is \$1,000/person. If any person required to attend training does not pass People, PRIDE, and Profit Training (phase 3) within 6 months after phase 2 completion, you must pay an additional \$1,000/person for phase 3 completion.

Before attending ADQ's training program, trainees must take and pass a management training readiness assessment ("MTRA"), which ADQ estimates will cost \$200 per trainee, and an additional \$200 for each retake or repeat of the assessment. Any fee for MTRA is collected by ADQ, is paid by ADQ to a 3rd party, and is nonrefundable. If a trainee cancels a scheduled MTRA more than 1 business day before the scheduled MTRA, the fee will be applied to the next scheduled MTRA for that trainee. If a trainee fails to cancel at least 1 business day before the scheduled MTRA or fails to appear at the testing facility, the fee will be forfeited..

Trainees also must successfully complete a SERVSAFE course and have current SERVSAFE certifications before attending ADQ's training program. ADQ estimates that the cost for your trainees to attend a SERVSAFE course will range from \$200 to \$400 per person. This cost is payable to a 3rd party.

The \$3,600 initial training fee for 1 trainee and the \$200 fee for the MTRA for 1 trainee, but not the fee for the SERVSAFE course, are covered by your initial franchise fee, if paid. You must pay ADQ a non-refundable \$3,600 initial training fee and a non-refundable \$200 fee for the MTRA, for each additional trainee after the 1st trainee.

Conversion subfranchisee training: If you are a conversion subfranchisee, ADQ will provide a training program that is customized to address your individual training needs. Unless currently certified, each of your trainees must also successfully pass a SERVSAFE certification exam and have current SERVSAFE certifications (see Item 11) before attending the training program.

ADQ conducts its initial training program at a certified restaurant location. The actual training location will depend on a number of factors, including availability of certified restaurant locations near your store or restaurant and ADQ's training calendar. Further, your actual travel and living expenses will depend on a number of factors, such as the length and location of training (See Item 11), and the number of trainees taking the pre-screening test and attending the SERVSAFE course.

ADQ's training programs, the MTRA and the SERVSAFE course are further described in Item 11.

- (4) The total amount of travel and living expenses will vary depending on the training completed by your trainees. See Item 11 for further information regarding your training requirements. You may pay travel and living expenses of about \$2,600 to \$8,000 per person for a DQ Treat store, or about \$8,000 to \$12,000 per person for a DQ Grill & Chill restaurant, for all 3 phases of ADQ's training program. In addition, you may pay travel and living expenses of about \$0 to \$300 per person for the MTRA (the MTRA is generally available at locations reasonably close to prospective subfranchisees), and about \$0 to \$400 per person for the SERVSAFE course.

Conversion subfranchisee travel and living expenses: If you are a conversion subfranchisee, you must send at least 3 persons to ADQ's customized training program. ADQ generally administers the training program at an existing DQ Grill & Chill restaurant or at another location that ADQ designates. ADQ estimates that the travel and living expenses for your trainees will fall within the range provided in the Item 7 table.

- (5) This estimate is for building construction and leasehold improvements, but excludes the cost of land. The cost of your building construction and leasehold improvements will depend in large part on the size of the building you select and other factors. The cost of the building construction and leasehold improvements for a DQ Treat store generally ranges from \$225,000 to \$470,000 for a captive-venue location and \$390,000 to \$870,000 for a street location. Currently, there are 3 prototypical freestanding building models for DQ Grill & Chill restaurants: the Next Gen Core 34, the Next Gen Core 46, and the Next Gen Core 60. The Next Gen Core 34 is 1,938 square feet, seats about 34, and requires a minimum lot size of 25,830 square feet. The cost of the building construction and leasehold improvements for the Next Gen Core 34 generally ranges from \$800,000 to \$1,100,000 or more. The Next Gen Core 46 is 2,208 square feet, seats about 46, and requires a minimum lot size of 32,026 square feet. The cost of the building construction and leasehold improvements for the Next Gen Core 46 generally ranges from \$800,000 to \$1,200,000 or more. The Next Gen Core 60 is 2,396 square feet, seats about 60, and requires a minimum lot size of 36,222 square feet. The cost of the building construction and leasehold improvements for the Next Gen Core 60 generally ranges from \$900,000 to \$1,400,000 or more. The actual cost for building construction and leasehold improvements depends on many variables, including restaurant location and lot size; site improvement costs; soil and environmental conditions; federal, state and local building codes and fees; health department requirements; local labor costs; union labor requirements; materials; interest costs; inflation and other factors. You also may choose to add approved options to your store or restaurant that are not required, such as adding rear storage. Acquisition costs may be beyond the ranges identified above in certain cases or localities. Down payment requirements and initial financing or commitment expenses are negotiated individually and vary too widely to be realistically predicted.

If you purchase land, your investment for land generally will range from \$250,000 to \$800,000, depending on many variables, including the size of the property and land prices in your geographic market.

If you lease the land and/or building for your store or restaurant, the initial cost of leasehold improvements to a leased building may be more than the estimate, depending on many independent variables, including restaurant size, condition of existing space, demolition and landscaping, building code requirements and fees, as well as those factors listed in the paragraph above. The rental payments you make over the term of the lease, however, will likely total an amount equal to or greater than the total investment you would have made if you had purchased the land and building for your store or restaurant.

Payments for real property, leaseholds and construction ordinarily are not refundable, except possibly security deposits made with lessors. Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance these and other obligations at your discretion. Market forces will determine loan repayment totals, interest rates and payments on borrowings at the time of any transaction.

- (6) You must pay for any additional costs due to deviations or escalations in any construction or leasehold improvement costs, including any additional costs to comply with all federal, state or local requirements.
- (7) You usually will be required to pay one month's base rent as a security deposit to the landlord and may be required to pay an additional security deposit under a sublease. ADQ estimates that: base rent for 750 square feet will be \$3,500 to \$7,000 or more per month, plus about 8% to 12% of gross sales in excess of a specified amount to which base rent is credited; and that actual rent will vary based on store size, geographic location, costs assumed by the landlord, and other economic factors. Leases also usually impose an obligation toward common area maintenance costs, insurance charges, real estate taxes and special assessments, HVAC charges, utility charges, water and sewer charges, security charges, trash removal charges, mall charges, promotional and marketing charges, food court charges and improvements, and charges for membership in a merchants association.
- (8) We and ADQ must approve the building plans for your store or restaurant before you begin construction. The building plans must be full architectural, structural, mechanical, electrical, plumbing, final site and grading plan and food service drawings showing equipment layout, manufacturer and model numbers and bearing the seal of a registered architect in the state where your store or restaurant will be located. ADQ recommends that you submit preliminary designs for review before you prepare and submit your final building plans.

As stated in Item 5, you may purchase ADQ's prototypical design intent building plans for a freestanding DQ store or restaurant from ADQ for \$3,000. ADQ's standard design intent plans meet Minnesota Building Code requirements. You must conform the plans at your expense to local, state and federal requirements, including the Americans With Disabilities Act. You must, at your expense, obtain an architectural seal. These plans are valid for 6 months after date of issuance.

Architectural costs to conform your building plans to local, state and federal requirements will range from about \$7,000 to \$35,000 for a DQ Treat store, or from about \$15,000 to \$45,000 for a DQ Grill & Chill restaurant, including the cost of an architectural seal. We (but not ADQ) also provide layout drawings for the conversion of an existing building to a DQ store or restaurant, or the development of leasehold space, as part of the initial franchise fee. We and ADQ must approve any building plans for these types of development. We and ADQ must approve in writing any proposed alterations to our or ADQ's standard design intent building plans or previously approved building plans. You must obtain any local building plan approval in addition to our and ADQ's building plan approval. Further, if your local architect makes additional revisions to ADQ's prototypical design intent plans and/or any design criteria information, those revisions will become the property of ADQ. ADQ and its affiliates may use those plans in any manner in the future.

- (9) Your investment in equipment and fixtures is highly variable for your store or restaurant. The investment costs depend to a great extent on the size of the building and whether you lease or own. The equipment costs for a DQ Treat store generally range from \$220,000 to \$360,000 for a captive-venue location, or \$360,000 to \$420,000 for a street location. The equipment costs for a Next Gen Core 34 building generally range from \$575,000 to \$625,000, for a Next Gen Core 46 building generally range from \$625,000 to \$650,000, and for a Next Gen Core 60 building generally range from \$640,000 to \$700,000 (see descriptions in Note 5 above). The investment costs also depend on the location of your store or restaurant, the anticipated traffic through the store or restaurant, local labor costs, current prices charged by equipment suppliers, discretionary expenditures, inflation, financing costs, and similar factors beyond our, ADQ's or your control. You also may choose to add some approved options to your store or restaurant that are not required, such as additional seating packages. These investment costs are subject to change.

Equipment payments generally are not refundable. Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance at your discretion. Market forces will determine loan repayment totals and interest on borrowings at the time of any financing transaction.

- (10) Credit card processing service providers require compliance with the Payment Card Industry (“PCI”) Data Security Standard assembled by the PCI Security Standards Council. The initial cost to hire a 3rd party contractor to ensure compliance with the PCI Data Security Standard may range from \$200 to \$2,000.
- (11) You must purchase the training and opening inventory used by you and your personnel at your store or restaurant during our or ADQ’s on-site opening assistance.
- (12) This amount includes utility and security deposits and business licenses. Deposits are generally refundable, but license fees are not. You may be required to submit an impact study to a local government agency to receive necessary local permits and approvals for your store or restaurant. These estimates may be significantly higher in some unique jurisdictions, where local authorities may require fees in excess of \$100,000 for electrical, sewer/water and/or other miscellaneous connections.
- (13) You must purchase and maintain, at your sole expense, general liability insurance at a minimum limit of liability that we and/or ADQ designate periodically as may be necessary to reflect inflation, risk levels or other factors that we and/or ADQ consider important, but not less than \$2,000,000 per occurrence, combined single limit (CSL), or any higher amount that a lessor of the premises may require; and business interruption insurance covering “actual losses sustained” during any period of not less than 12 months or during the maximum period permitted by law if less than 24 months. The general liability insurance coverage must insure you, us, our affiliates, ADQ, ADQ’s affiliates and any other person that we and/or ADQ designate by name from liability for any and all damage or injury. In addition to general liability insurance and business interruption insurance, you also must purchase and maintain any other insurance required by law or any agreement related to the subfranchised business. Examples are fire or extended coverage insurance and workers’ compensation insurance. All insurance coverage must be written with a company rated no less than “A” by AM Best Insurance Rating. ADQ has made arrangements with a 3rd party insurer to make available to qualifying subfranchisees certain insurance (see Item 8). Costs for insurance vary widely depending on the value of the property, state laws governing insurance, type of structure in which the subfranchised business is located, and amounts of insurance required. You may make these insurance payments in whole or in part to 3rd parties. If you do not purchase and maintain the required insurance coverage, we may procure insurance coverage for you and charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately on notice. You must keep current certificates of insurance on file with us at all times.
- (14) This amount is an estimate for attorneys’ and other professional fees in connection with your purchase of the subfranchise and purchase or lease of the subfranchised premises.
- (15) The “Additional Funds” amount listed in this Table is an estimate, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how much you follow our and ADQ’s systems and procedures your management skills and experience, your business acumen, local economic conditions, the local market for DQ/Dairy Queen, DQ/Orange Julius and DQ Grill & Chill products, your competition, the compensation you pay your personnel, the number of personnel you hire or engage, and the sales level reached during the initial period. This estimate includes managerial salaries, rent, debt service, local advertising, taxes, freight, office supplies and security and authorized music systems. It does not include hourly labor costs or food costs beyond the opening inventory costs identified in the Table. For determining your initial cash position, you should anticipate that local lending institutions might require you to have at least a 20% equity position on all leasehold improvements and 25% on all equipment.

- (16) This total is an estimate of your initial investment and is based on our estimate of average costs and market conditions prevailing as of the date of this disclosure document and our over 50 years of experience in the business. You should review this amount carefully with a business advisor before making any decision to purchase the subfranchise. You should allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we or ADQ give during any period of the development process.
- (17) The estimates in this table are for the development of a new DQ store or restaurant. If you are converting an existing building for use as a DQ store or restaurant, you may not incur all of the expenses listed. Conversion costs may vary significantly, depending on the type and condition of the facility, the prior use of the building, and other costs that might be incurred to rectify deferred maintenance issues and/or to make other facility upgrades that are not directly related to the conversion, but that are completed at the same time.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must maintain and comply with our and ADQ's quality standards to protect the uniformity and quality of products and services throughout the DQ system.

While you are not required to purchase or lease real estate from us, ADQ or its affiliates, we must approve the location of your store or restaurant (see Item 11), and we have the right but not the obligation to approve the lease for the store or restaurant premises before execution. You must construct and equip your store or restaurant according to our and ADQ's then-current designs, specifications and standards. You must ensure that your building plans comply with the Americans With Disabilities Act and all other federal, state and local laws and regulations.

You may only use or purchase products approved by us and ADQ that meet our and ADQ's specifications. For purposes of this Item 8, "products" include products, services, ingredients, supplies, signage, fixtures, furnishings, advertising and sales promotion materials, and equipment (including hardware and software for a computerized electronic point-of-sale ("EPOS") system and/or other computer systems, communications equipment, or electronic services providers). Approved products generally must meet our and ADQ's specifications, and are manufactured, provided or prepared by ADQ approved manufacturers, suppliers or distributors. We and ADQ periodically identify approved products for use in DQ locations, and have the right to periodically change the list of approved products, and to update and alter the specifications for approved products.

ADQ always has the right to designate a single approved manufacturer, supplier or distributor for the following products: (1) soft drinks; (2) 3rd party branded products; (3) products relating to limited time offers and special promotions; (4) equipment, including EPOS equipment and all related point-of-sale and web based software and back-office hardware and software; (5) any product you purchase where ADQ does not receive a fee or payment from the manufacturer with respect to the sale of that product, other than payments from suppliers for marketing; and (6) the Orange Julius proprietary powders and frozen orange juice concentrate (if Orange Julius products are permitted to be sold at your store or restaurant)..

For other products not listed in (1) - (6) above, as long as there is not in place an agreement for a “unified purchasing program,” a franchisee or subfranchisee may make written request for approval of a specific product, service or piece of equipment of an additional, qualified manufacturer, supplier or alternate distributor, pursuant to ADQ’s then-current policies and procedures. ADQ has received and offered proposals to create a unified purchasing program as a joint effort between ADQ and a cooperative association of DQ restaurant and store operators, to benefit the entire DQ system in the United States. For any period during which there is an agreement for a unified purchasing program: (1) ADQ will designate as approved the manufacturers, suppliers or distributors properly selected within the structure of that program; and (2) ADQ has the right to designate a single approved manufacturer, supplier and/or distributor of any approved products.

ADQ has designated ParTech, Inc. as the sole supplier of the required EPOS hardware and software that you must purchase for your store or restaurant. You must sign an agreement with ParTech for the purchase of the equipment, software subscription services, and installation and other services (“ParTech Participation Agreement”), when you sign your franchise agreement. ADQ also has designated: (a) Restaurant Magic as the sole supplier of the back office software you must purchase for reporting and labor and inventory management; (b) Fiserv (formerly, First Data Merchant Services) as the sole supplier of payment card processing and related services you must purchase; (c) Verifone as the sole supplier of certain payment card data encryption services that you must purchase; (d) ValueLink, LLC as the sole supplier of the gift cards and related services you must purchase; (e) Mobo Systems, Inc. aka Olo as the sole supplier of the DQ Mobile App system you must purchase; and (f) Acumera as the sole supplier of managed firewall services you must purchase. When you sign the operating agreement, you also must sign agreements with each of these suppliers for their services. ADQ has the right to designate suppliers in place of or in addition to these suppliers.

The operating agreement requires you to purchase and maintain, at your expense, general liability insurance and business interruption insurance, as described in Item 6. The operating agreement permits us periodically to require the same types of insurance with increased coverage minimums, and to require different or additional types of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. You also must purchase and maintain any other insurance required by law or any agreement related to the subfranchised business. You must furnish copies of all insurance certificates to us. ADQ has arranged with a 3rd party insurer to make certain insurance, including general liability insurance, available to qualifying franchisees and subfranchisees.

We or ADQ may require you to periodically purchase restaurant training materials from ADQ. See Items 6 and 11 for more information.

ADQ estimates that the purchase or lease of equipment (including computer and EPOS system hardware and software), signage, fixtures, furnishings, products, ingredients, supplies, advertising and sales promotion materials (see Item 11 for information on advertising and sales promotion materials), and services which meet ADQ’s specifications represent about 65% to 85% of the cost to establish the subfranchised business (excluding land) and 30% to 50% of the cost to operate the subfranchised business.

We and ADQ provide no material benefit (such as renewal or granting additional subfranchise or franchise rights) based on your purchase of particular products or services or use

of particular suppliers, but your operating agreement obligates you to use products and services approved by us and ADQ. We consider a number of factors when determining whether you might qualify for an additional subfranchise, including compliance with your operating agreement and support of our and ADQ's programs and policies.

Approval of Alternate Suppliers

ADQ has the right to approve the manufacturer, supplier or distributor of any approved products you purchase. If there is no agreement in place for a unified purchasing program, you may request approval in writing of a specific product from an alternate manufacturer, supplier or distributor of products other than those listed in (1) - (6) in the "Required Purchases" section above in this Item 8. ADQ only approves alternate manufacturers for products if doing so will not create an inordinate number of manufacturers of the product, and the manufacturer meets ADQ's then-current requirements. We and ADQ will not make product specifications available to you, but on request will provide summary specifications to you to provide to a manufacturer to determine if there is an interest in producing the product. ADQ will provide a manufacturer with detailed written specifications for the product, or, if detailed written specifications are not available, ADQ will provide the manufacturer with a parameter specification or information about a comparison product for purposes of obtaining approval of the alternate manufacturer. ADQ may require you and the manufacturer to sign a non-disclosure agreement before providing information on specifications.

ADQ uses the following criteria, which ADQ may change periodically, when evaluating an alternate product or manufacturer:

- Compliance with ADQ's specifications
- Ability to supply a large number of DQ stores and restaurants or geographic areas
- Ability of facility to meet ADQ's requirements and accessibility for periodic evaluations
- Completion of a successful facility inspection by ADQ and/or a designated 3rd party auditor that, depending on the product, may need to be certified by a Global Food Safety Initiative (GFSI) recognized scheme
- Acceptable food defense plan, supplier specification, HACCP plan, product recall process, 24 hour contact information, and allergen control program
- Manufacturer attendance at meeting with ADQ's Research & Development staff to review specifications and related procedures
- Compliance with other requirements as may be periodically implemented

ADQ (or a 3rd-party product evaluator) may charge the evaluation cost to you or the manufacturer. ADQ also may charge the manufacturer for the cost of periodic reviews of existing products and manufacturing facilities, and may require the manufacturer to submit products and make payments to 3rd-party product or facility evaluators. Fees charged are based on a schedule of fees as may be established periodically by ADQ or the 3rd-party evaluator.

The manufacturer must provide samples (ultimately from a production run), product labels, and packaging for the alternate product. ADQ or a 3rd-party product evaluator will conduct an evaluation of 1 or more samples to determine if the manufacturer's product conforms to ADQ's specifications. The evaluation may take from 90 - 180 days or significantly more, depending on

the complexity of the product, the specifications, the comparison product, and the manufacturing process, as well as the manufacturer's ability to provide samples and any required modifications on a timely basis. Before final approval, ADQ may require that a product successfully complete a field and distribution test where the product moves through a warehouse and is used in DQ stores and restaurants, which may take an additional 30 - 60 days or more. ADQ will notify you and the manufacturer of the approval or rejection of the manufacturer or product. If the manufacturer or product is not approved, ADQ or a 3rd-party product evaluator will notify you and the manufacturer of the basis for the decision.

The manufacturer will be required to sign an approved products contract with ADQ that may be terminated on 90 days' notice, or that ADQ may terminate sooner if the manufacturer is in violation of any of the terms of the contract or if the product is discontinued for use in the DQ system.

Supply Chain

IDQ is involved in the purchasing and distribution business through its wholly-owned subsidiary, Unified Supply Chain, Inc. ("USCI"). In 2004, IDQ made the commitment to reduce its average margins over an 11-year period, culminating with a maximum average margin (as defined below) of 2.5%. In 2015, IDQ made an additional commitment that in 2016 it would permanently eliminate supply chain margin service fees received from manufacturers and distributors of equipment and smallwares, and that it would further reduce its maximum average supply chain margin to 1.5% by 2025. The 2004 and 2015 commitments are together referred to as the "margin commitment." This margin commitment refers to amounts received after deducting costs associated with developing and supplying products (such as tooling depreciation and rentals), technology tools, obsolete inventory and expedited freight. IDQ/ADQ made this margin commitment on a permanent basis to benefit all existing and future franchisees and subfranchisees. Under the margin commitment, USCI has received margins between 0% and 8.5%, and under the new commitment the margins will be between 0% and 6.5%. In 2023, the maximum average margin is 1.75%. In addition, IDQ/ADQ made a commitment that should IDQ ever divest USCI, the buyer will be obligated to honor the margin commitment, unless the buyer, as a franchisee cooperative, chooses to establish a different margin structure supported by a majority of its members.

"Margin," for purposes of this Item, means the management service fee payments that USCI receives from suppliers based on the warehouse landed cost of products within the scope of the margin commitment, in place of the margin that IDQ/USCI historically realized when IDQ/USCI was in the buy-sell (inventory ownership) position with respect to products used in the operations of DQ stores and restaurants.

The scope of what is included in the margin commitment is food, paper, packaging, decorated cakes, Orange Julius proprietary powders, and other products managed through the USCI authorized warehouse system in the U.S., but does not include IDQ supply products, uniforms, and items not used in the operation of a restaurant. Manufactured frozen novelties have been excluded from the scope, and instead are under a separate margin schedule. In 2023, service fee payments relating to manufactured frozen novelties will not exceed an average of 3.5%. The 2015 margin commitment will systematically reduce the margin on these items further and fully include them in the scope by 2025. National payments from suppliers for marketing will flow through NMF and are not in the scope of the margin commitment.

USCI manages all of the components of the supply chain process, but is no longer in the purchase order process between distributors and suppliers related to most purchases in the U.S. distribution system. ADQ, USCI or its affiliates negotiate purchase and sale arrangements (including price terms) with suppliers and distributors that benefit the DQ system, which may include national account programs for products and services. However, ADQ and its affiliates do not negotiate on behalf of individual DQ franchisees or subfranchisees.

USCI obtains commitments from strategically located, independently owned warehouses to carry approved products, and to make them available to DQ stores and restaurants within a particular area. USCI may require its authorized warehouses to carry a full line of products sourced by USCI, and may require that the warehouses sell to DQ franchisees and subfranchisees only those products that are sourced by USCI. Some products sourced and managed in the supply chain by USCI are the only approved products of their type because of a lack of subfranchisee and franchisee requests for approval of an alternate supplier, the lack of incentives for others to engage in the supply or distribution of the product, or for other similar reasons.

An independent accounting firm annually reviews certain performance measures of USCI and USCI shares this information with its advisory council made up of elected DQ franchisees and subfranchisees, the Supply Chain Advisory Council (“SCAC”), which is further described in Item 20. The SCAC is given access to financial information of USCI to allow them to give valuable input to the management of USCI.

ADQ or its affiliates may sell advertising and sales promotion materials, and other food and non-food products to DQ franchisees and subfranchisees, to authorized warehouses, or otherwise for use in the DQ system.

There are 1 or more purchasing or distribution cooperatives in the DQ system that may be involved in the distribution of certain products used in the subfranchised business.

Revenue Derived from Suppliers

In our fiscal year ended February 28, 2023, we had no revenue from subfranchisees’ required purchases and leases from us, or from ADQ.

IDQ and its affiliates receive fees or payments from some 3rd party suppliers that may or may not be reasonably related to services IDQ or its affiliates provide to the suppliers. Some arrangements with 3rd party suppliers require IDQ or its affiliates to perform services, such as administrative, technical, quality assurance, advisory, data collection, customer service, or promotion forecasting services. As of the date of this disclosure document, IDQ and its affiliates received fees and payments from 3rd party suppliers ranging from 0% to 10% of the suppliers’ sales to franchisees, or of sales to warehouses in the U.S. of the following types of items used in the operation of DQ stores and restaurants: products, ingredients, supplies, equipment, uniforms, signage, fixtures, furnishings, advertising, and sales promotion materials. These fees and payments are calculated and paid to us as a percentage or as a flat fee amount. The fees and payments, and the amounts listed below, may be adjusted in the future. Also, USCI authorized warehouses to pay a fee to USCI equal to up to 0.5% of their gross sales of products moving through the DQ system.

IDQ and its affiliates may receive fees and payments from 3rd party suppliers in greater amounts with respect to items not used in the operation of DQ stores and restaurants, such as items sold under merchandise licensing programs or other similar arrangements. For example, ADQ may

grant a license to a manufacturer to allow it to place ADQ's trademarks on sportswear or advertising specialty products.

In 2022, IDQ derived revenue of \$46,411,606 from the net sale of products, marketing kits, real estate finance and rental fees, insurance, and supplier service fees. This amount equaled about 20% of IDQ's total revenue of \$236,936,858, based on IDQ's consolidated and audited statement of income for the fiscal year ended December 31, 2022.

Although not considered revenue, ADQ and its affiliates received payments in 2022 from 3rd party suppliers that were accounted for as DQ national or DMA advertising fund receipts totaling about \$3,340,048, which included \$2,041,071 from various 3rd party suppliers, and \$1,298,977 from soft drink suppliers. As of the date of this disclosure document, ADQ anticipates that ADQ and its affiliates will receive similar amounts from 3rd party suppliers in 2023. These payments may be percentage payments based on sales to franchisees, lump sums, reimbursements, or similar types of payments. ADQ or its affiliates may also receive payments in connection with conferences hosted by ADQ or its affiliates, or in connection with other unique activities or initiatives, and these payments may, in consultation with the franchisee SCAC, be used in various ways to benefit the DQ or Orange Julius systems.

Fee and payment arrangements in foreign countries may differ from arrangements in the U.S.

Ownership Interest in Suppliers.

As of February 28, 2023, there was no approved supplier in which any of our officers owned an interest.

As of December 31, 2022, some ADQ officers owned interests in the following companies that supply products or services to DQ franchisees: Verizon Wireless, Hormel, C.H. Robinson Worldwide Inc., Microsoft Corporation, Uber Eats, Olo, Coca-Cola, ADP, Kimberly-Clark Corporation, and UPS. As noted in Item 1, ADQ's parent company is IDQ, which is a wholly-owned subsidiary of Berkshire Hathaway, Inc. ("Berkshire"), a holding company owning a large number of subsidiaries engaged in diverse businesses. ADQ officers may own shares of Berkshire, although officers do not own interests in the individual subsidiaries. Depending on Berkshire's portfolio, certain subsidiaries may supply products or services to the DQ system.

Lease Addendum. If you enter into a direct lease for your store or restaurant premises, we have the right to approve the lease before execution. The lease must contain the Lease Addendum, a copy of which is included as an addendum to the operating agreement. If we are the prime lessee of the subfranchised premises, we may sublease the premises to you.

Additional Subfranchise. We consider a number of factors when determining whether you might qualify for an additional subfranchise. Under our ARD Program, we consider your compliance with your operating agreement, support of our programs and compliance with our policies, such as the requirements described in this Item 8.

Item 9

SUBFRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the operating agreement 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 Operating or Other Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	2, 5, 6.1-6.5, 6.15, Lease Addendum	5, 7 & 11
b.	Pre-opening purchases/lease	2.2, 5.1, Design Services Addendum	5, 7 & 8
c.	Site development and other pre-opening requirements	5.1	5, 7 & 11
d.	Initial and ongoing training	2.2, 7 & 11.3	5 & 11
e.	Opening	2.2 & 7	5 & 11
f.	Fees	7.8, 8.1 & 9	5, 6 & 7
g.	Compliance with standards/policies/Operating Manual	5 & 6	11 & 16
h.	Trademarks and proprietary information	2.3(C), 3, 6.3, 6.12	13 & 14
i.	Restrictions on products/services offered	6	8, 11 & 16
j.	Warranty and customer service requirements	Not applicable	Not applicable
k.	Territorial development and sales quotas	Not applicable	Not applicable
l.	Ongoing product/service purchases	6.1 - 6.5	8 & 11
m.	Maintenance/appearance/remodeling requirements	5.1 - 5.5	6 & 11
n.	Insurance	10.3	5, 6 & 8
o.	Advertising	8 & 9.3	5, 6, 7 & 11
p.	Indemnification	10.2	Not applicable
q.	Owner's participation/management/staffing	7.1 - 7.7	11 & 15
r.	Records/reports	9.6, 9.10, 9.12	6
s.	Inspections/audits	6.8, 9.10, 9.12-9.13	6
t.	Transfer	11	6 & 17
u.	Renewal	4.3	17
v.	Post-termination obligations	14	17
w.	Non-competition covenants	10.5 & 14.6	17
x.	Dispute resolution	3.5, 12, 15.8 -15.10	17

Item 10

FINANCING

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

ADQ does not offer direct or indirect financing. ADQ does not guarantee your note, lease or obligation.

ADQ periodically arranges with 3rd party finance companies or banks to make financing programs available to you. These arrangements ordinarily involve no more than putting you in contact with sources of available financing. There is no assurance that financing will be offered to

you in any particular instance. If financing is offered, the financial institution independently establishes the amount, terms, interest rate and duration. Neither ADQ nor any of its affiliates receive any payments in exchange for these referrals or the placement of any financing.

Item 11

TERRITORY OPERATOR'S AND ADQ'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, neither we nor ADQ are required to provide any assistance to you.

Pre-Opening Assistance. Before you open your store or restaurant:

- (1) We or ADQ will make available to you, through the ADQ web site or otherwise, ADQ's confidential restaurant management resource guides and product preparation materials. You must keep these items confidential and return them on termination of the operating agreement (Sections 6.11, 6.12 and 14.7 of operating agreement).
- (2) We or ADQ will make available to you, through the ADQ web site or otherwise, confidential lists of approved equipment, signage, fixtures and furnishings (Sections 5.1 and 6 of operating agreement).
- (3) ADQ will provide the mandatory training program described below (Sections 7.1 and 7.2 of operating agreement).
- (4) If you are opening your 1st store or restaurant, or if you are opening your 1st DQ Grill & Chill restaurant, we will provide you with on-site opening assistance for a length of time we consider necessary (Section 7.9 of operating agreement).

Ongoing Assistance. During the operation of your store or restaurant:

- (1) We or ADQ will periodically furnish or make available to you, through the ADQ web site or otherwise, updated and revised material for your copy of ADQ's confidential restaurant management resource guides (Sections 6.10 and 6.11 of operating agreement).
- (2) We or ADQ will periodically furnish or make available to you, through the ADQ web site or otherwise, updated confidential lists of approved supplies, ingredients, equipment, signage, and services periodically and a confidential list of approved products of approved manufacturers or distributors to assist you in purchasing approved products (Section 6 of operating agreement).
- (3) We or ADQ will periodically furnish or make available to you, through the ADQ web site or otherwise, various in-restaurant training materials for training your personnel (Section 7.4 of operating agreement).
- (4) We or ADQ will periodically hold or sponsor various meetings for you and other subfranchisees (Section 7.7 of operating agreement).
- (5) We or ADQ will periodically establish and conduct various advertising and sales promotion programs using revenue from the sales promotion program fee (Section 8.1 of operating agreement).

Advertising and Marketing

ADQ establishes and conducts sales promotion activities generally for the promotion of the DQ system, brand and products. ADQ also establishes and conducts sales promotion activities primarily for the promotion of the Orange Julius system, brand and products. ADQ establishes sales promotion activities for the promotion of DQ/Orange Julius products, all of which may be entirely different from the activities relating to other DQ stores and restaurants. ADQ does not have any fiduciary obligations to franchisees and subfranchisees with respect to the sales promotion program fees. Nor does ADQ have any obligation to spend any amount on sales promotion in the area or territory where your store or restaurant is located, for a particular component or type of DQ business, or for any individual DQ store or restaurant. ADQ has the sole right to determine how the sales promotion program fees will be spent, and the sales promotion program fees are not held by ADQ in trust.

Fees. ADQ's sales promotion activities are funded by the sales promotion program fees you and other DQ franchisees and subfranchisees must pay. Depending on your sales promotion program fee rate, all or a portion of the sales promotion program fees you pay may go to the national marketing fund ("NMF"), and a portion may go to regional or designated TV market area ("DMA") level sales promotion activities, "pooled" accounts for the benefit of a certain type of DQ store or restaurant, or toward activities at an individual store level. ADQ has the right to establish and periodically change how the sales promotion program fees are allocated and spent without notice to you.

You must pay a sales promotion program fee of 3% to 6% of Gross Sales as described in Item 6. Other subfranchisees pay greater, lesser or no sales promotion program fees. Company-operated DQ stores and restaurants will pay the sales promotion program fee on the same basis as similar subfranchisees for the DMA in which those stores and restaurants are located.

ADQ receives a portion of the sales promotion program fee payments made by franchisees and subfranchisees to compensate ADQ for the sales promotion, marketing and administrative services that ADQ provides (the "management fee"). Currently, the management fee is computed as 7% of the sales promotion program fees received from franchisees and subfranchisees who must pay sales promotion program fees. ADQ does not take a management fee on sales promotion program fees above 3% of gross sales. For subfranchisees that pay sales promotion program fees to territory operators, territory operators may remit all or some of those fees to ADQ, and may retain a portion of the management fee, depending on the arrangements the territory operators have with their subfranchisees. We retain a portion of the management fee. In addition, ADQ retains as a management fee 7% of all 3rd-party supplier payments received based on agreements negotiated by ADQ. As a voluntary corporate contribution, 1/7 of ADQ's total management fees are currently credited on an annual basis to the DQ national marketing program budget for use as ADQ designates.

Sales Promotion Activities-ADQ. Sales promotion activities may be national, regional or local in scope. ADQ's marketing department is responsible for the development of the sales promotion activities for all DQ brands, including system marketing calendars ("SMCs"). The SMCs, and the creative and/or sales promotion materials created in support of the SMCs, are designed to increase consumer awareness of DQ products and promotions, build the customer base, increase customer visit frequency, and/or build the DQ brand overall. The SMCs consist of promotions and events designed to allow the DQ system, on a market by market and/or national basis as determined by ADQ, to convey a uniform marketing message. The SMCs are used as the

foundation for media plans in the DQ system. Other sales promotion activities include creative materials, tie-in promotions, new product introductions, and system promotions. ADQ uses various forms of media to promote the DQ system, brand and products, which may include broadcast or cable television, radio, glossy newspaper inserts, ads in newspapers/shoppers, magazines, billboards, various in-restaurant materials, exterior merchandising, various local restaurant marketing materials, online communication, social media, electronic or mobile media and new forms of media depending on the objectives. ADQ currently uses a national advertising agency to assist it in the strategic development, production and placement of many of the national media activities.

ADQ also currently uses regional advertising agencies in connection with regional and local media placement and other sales promotion activities. Currently, ADQ's regional sales promotion activities are carried out based on a DMA concept. A DMA is a geographic area of counties in which consumers within the area view a majority of their TV viewing via the home market stations also within that geographic area. There are currently 210 DMAs in the U.S. The DMA is determined by an independent research and ratings service called Nielsen Media Research, which conducts research on consumer TV viewing patterns in each county in the United States. All of the counties (and therefore all of the DQ stores and restaurants within these counties) that share the same TV influence are grouped into the same DMA. ADQ has the right to discontinue use of the DMA system for determining regional boundaries, or may determine that 2 or more DMAs will be grouped together for purposes of regional sales promotion activities.

ADQ also may spend sales promotion program fees by component or type of Dairy Queen restaurant. Currently, ADQ's regional sales promotion activities are carried out based on a DMA concept. A DMA is a geographic area of counties in which consumers within the area view a majority of their TV viewing via the home market stations also within that geographic area. There are currently 210 DMAs in the U.S. The DMA is determined by an independent research and ratings service called Nielsen Media Research, which conducts research on consumer TV viewing patterns in each county in the United States. All of the counties (and therefore all of the DQ stores and restaurants within these counties) that share the same TV influence are grouped into the same DMA. ADQ has the right to discontinue use of the DMA system for determining regional boundaries, or may determine that 2 or more DMAs will be grouped together for purposes of regional sales promotion activities.

You may use only the sales promotion or other advertising materials that we and ADQ furnish or make available to you, or other materials that we and ADQ approve for use in your sales promotion activities. Examples of sales promotion and other advertising materials that we and ADQ must approve before you use them include menu board transparencies, counter mats, counter mat inserts, posters, billboard paper or vinyl, newspaper inserts, lawn signs, banners, menu board or register toppers, window clings, cake freezer merchandising, stanchions/display point-of-purchase, TV and radio creative, online communication, social media, electronic or mobile media, loyalty programs, and direct mail. We and ADQ will not unreasonably withhold approval of any sales promotion or other advertising materials that you propose to use, as long as your materials are factually accurate, current, in good condition, in good taste and of like quality to and not in conflict with sales promotion and other advertising materials we and ADQ furnish or make available to you, and as long as your materials accurately depict the DQ products and ADQ's trademarks. Any social media advertising or mobile marketing you do must comply with our and ADQ's social media policies. ADQ owns, can use and permit others to use any sales promotion or other advertising materials, ideas, concepts or programs that you develop. As of the date of this

disclosure document, ADQ does not require you to participate in any formal local or regional advertising cooperative.

Sales Promotion Activities – Territory Operator. You must pay us a sales promotion program fee of 3 to 6% of Gross Sales, as described in Item 6. As of the issuance date of this disclosure document, our subfranchisees were paying a 3.5% fee. We may change this percentage, and will let you know at least 90 days in advance of any increase in the percentage within the 3 to 6% range. We currently remit a portion of the fee to ADQ. We deposit the balance of the fee in an advertising account or subaccount for your DMA. You and other DQ store or restaurant operators in your DMA will determine which advertising and promotional programs you will use in your DMA. Currently, ADQ uses the portion of the fee that we remit to it to support its national advertising and promotional programs. We or ADQ may change these practices in the future at our or ADQ's option.

We do not use any portion of the sales promotion program fee for advertising principally directed at the sale of subfranchises.

National Marketing Fund. ADQ administers national sales promotion activities (including point of purchase materials) through a dedicated NMF. Sales promotion program fees are used at the national level through the NMF to develop and pay for the production of creative and other materials to support the SMCs, and also to fund national media and various other sales promotion activities at the national level, as well as other activities within the overall DQ system. The NMF is funded principally from an allocation of the sales promotion program fees paid by participating DQ stores and restaurants. The percentage allocated to the NMF may vary between stores and restaurants and between markets. ADQ has the right to establish and periodically change the amount of sales promotion program fees that are allocated to the NMF without notice to you.

Sales promotion and other advertising and merchandising materials produced by the NMF are, by design, licensed only to current NMF participating stores and restaurants, and may not be transferred to or used in any way by or in non-NMF participating stores and restaurants. This means that if a subfranchisee owns both participating-NMF and non-participating-NMF stores and restaurants, NMF materials may only be displayed in those DQ stores and restaurants paying the NMF fee.

Franchise Advisory Council. The franchise advisory council ("FAC") advises ADQ on marketing, advertising and other matters, but solely in an advisory capacity. As of the date of this disclosure document, the FAC is comprised of members that are chosen or elected in the following manner: (1) DMA chairpersons (elected by franchisees) from each of 10 U.S. regions elect 1 DMA chairperson to serve as the region's representative on the FAC; (2) the Canadian Franchise Advisory Council ("CFAC"), elected by Canadian franchisees, selects 2 representatives from the CFAC to represent the east and west regions of Canada; and (3) the DQ Territory Operators Organization ("DQTOO") or the DQTOO board, elected by territory operators, chooses 2 territory operator representatives. ADQ reserves the right to appoint 2 "at large" franchisee members to the FAC. Further, ADQ reserves the right to form committees that will work with the FAC at any time on any matter. ADQ has the power to form, change, or dissolve the FAC or any of its committees, and has the right to change how franchisee membership on the FAC or any committee is determined.

Use of Funds. The accounting for the funds used for DQ national and DMA activities and materials is reviewed by an independent national accounting firm on an annual basis. This review

consists principally of applying analytical procedures to the financial data and of making inquiries of persons responsible for financial and accounting matters. ADQ currently makes available to DQ franchisees copies of the annually prepared statements of contributions, expenditures and balance for the national (NMF), the consolidated DMA, and the individual DMAs in which your store or restaurant is located, along with the Independent Accountants' Review Report. In addition, each DMA can request that an audit of its DMA activities be conducted at the expense of that DMA. Currently, ADQ annually convenes a committee from the FAC to conduct its own review of the accounting for the marketing funds applicable to each system.

Use of the combined sales promotion payments from all types of DQ businesses in 2022 were as follows:

Percentage spent on Production	16.8	%
Percentage spent on Media Placement	70.2	%
Percentage spent on Administrative Expenses	4.3	%
Percentage spent on Other ⁽¹⁾	8.7	%
TOTAL	100.0	%

(1) Includes amounts spent on audits, the Children's Miracle Network, certain point-of-sale items, research, and FAC expenses.

The above percentages vary if you calculate the allocations at the individual store or restaurant level, by area or group of stores or restaurants, or by type of DQ business.

Use of the payments made to Orange Julius sales promotion programs in 2022 were as follows:

Percentage spent on Production	59.6	%
Percentage spent on Media Placement	19.6	%
Percentage spent on Administrative Expenses	17.9	%
Percentage spent on Other	2.8	%
TOTAL	100.0	%

In 2022, sales promotion program fees were not used by ADQ for advertising principally to solicit new franchise sales.

Except as described in this paragraph, sales promotion program fees that are not spent in any fiscal year will be carried over for future use. In addition to its other programs, ADQ has the right to offer a local reimbursement or online credit program to certain franchisees or subfranchisees if ADQ determines that the reimbursement is warranted for a particular store or restaurant. The availability of this program for a DQ store or restaurant may be for a variable period of time and a variable amount of money, depending on the individual circumstances. If ADQ establishes such a program for your store or restaurant, you may request reimbursement (or online credit, depending on the system available) of all eligible types of local media, promotions and promotional items you purchase up to the amount that has been determined by ADQ for your store or restaurant. Unreimbursed funds at the end of the applicable period will not be carried over

for future use by the particular store or restaurant, but will be used for other sales promotion activities in the DQ system as determined by ADQ.

Electronic Point-of-Sale System and Other Computer Systems You must purchase, install and maintain an electronic point-of-sale (“EPOS”) system at your store or restaurant, as designated by us and ADQ. The EPOS system includes designated hardware, software, peripherals, back office workstation, a managed firewall and installation. If you are opening a new store or restaurant, you must purchase all of the components of the EPOS system from our and ADQ’s designated suppliers (see Item 8). The estimated initial cost to purchase the EPOS system hardware and installation from ADQ’s designated supplier ParTech, Inc., hardware for the Acumera managed firewall, and the launch fee for the Data Central back office software, will range from about \$20,000 to \$24,600 for a DQ Treat store, or about \$25,000 to \$30,000 for a DQ Grill & Chill restaurant.

The EPOS system is an electronic cash and credit management system, which provides an interface for processing customer orders, collecting and managing information about the nature of sales transactions, providing financial records of those transactions, managing product inventory, and providing time and attendance functionality for your employees. The EPOS system will collect and report to us and ADQ a variety of information including overall sales, sales levels by item, item menu pricing, product movement statistics, individual unit and category sales data (including by flavor and size), various financial information to prepare restaurant reports, and other information.

The EPOS system may contain components that support personnel-related functions, such as employee timekeeping, employee scheduling and payroll processing. Your use of those components is non-mandatory. You are permitted to use those non-mandatory components on terms we specify, or you have the right to use alternate software of your choosing to handle personnel-related functions in any other manner that you choose.

Neither we, nor ADQ, nor any of our or ADQ’s affiliates, is obligated to provide any ongoing maintenance, repairs, upgrades or updates to you. You must pay ADQ’s designated supplier for ongoing hardware warranty services for the EPOS system, which cost about \$34 to \$110 per month for a DQ Treat store, or about \$40 to \$130 per month for a DQ Grill & Chill restaurant, depending on the warranty package you choose. In addition, as part of the ongoing software fees you will pay to some of the designated suppliers, the suppliers are obligated to provide certain maintenance and repair services for their software. You must make periodic upgrades and updates to the EPOS system, and there are no contractual limitations on the frequency and cost of this requirement.

In addition to paying the initial costs for the EPOS system, you must pay monthly service fees for the ParBrink and Data Central software for the EPOS system and back office systems, ranging from \$416 to \$439 per month. Help desk and software support costs are included in these monthly service fees.

To enable us and ADQ to access the EPOS system, you must install one DSL or cable/broadband Internet connection, or other necessary communication access device, that is exclusively designated and permanently connected to the EPOS system. There are no contractual limitations on our and ADQ’s right to access the information generated by the EPOS system, although we or ADQ may choose not to poll information from all stores and restaurants.

You must have access at all times to the Internet, must maintain and regularly use an active email account or other form of electronic communication that we and ADQ designate, and must keep us and ADQ informed of your contact information.

You must have access at all times to the Internet, must maintain and regularly use an active email account or other form of electronic communication that we and ADQ designate, and must keep us and ADQ informed of your contact information.

You must purchase and maintain a monthly subscription service for credit card processing, which includes the TransArmor solution encryption, from ADQ's designated supplier Fiserv (formerly, First Data). The cost for credit card processing is about 2% - 5% of the total amount of each sale made using an approved credit card, and the cost for the TransArmor Solution is \$19.95 per month. You also must purchase and pay for Verifone payment card data encryption services at a cost of about \$8 per terminal per month, and for a Verifone payment device warranty at a cost of about \$80 per device per 3-year warranty. You also must purchase and maintain a managed firewall service from ADQ's designated supplier Acumera. The cost for this service is about \$50 per month. Also, you must comply with Payment Card Industry (PCI) Data Security Standards: <https://www.pcisecuritystandards.org/>. While you are not required to engage a 3rd party supplier to ensure compliance with PCI Data Security Standards (unless otherwise required to do so by your card processor), we and ADQ recommend that you do so, and ADQ estimates the initial cost of this to be \$200 - \$2,000, with an ongoing monthly fee of up to \$100.

You must participate in the system-wide gift card program administered by ValueLink, LLC and DQGC, and must sign the gift card participation agreement included in this disclosure document as Exhibit E. Gift card program fees are allocated based on a shared cost model between subfranchisees, franchisees and the NMF. Currently, DQ franchisees and subfranchisees pay fees equaling 3% of total gift card redemptions, which ADQ estimates will be about \$200 per year per location. The NMF covers the balance of the gift card program's costs. In the future, the percentage allocation of costs between subfranchisees, franchisees and the NMF may change. These costs are in addition to any costs incurred by you in purchasing gift cards.

All of the fees referenced in this section are to subject to change from time to time

Site Selection.

You must locate and obtain a site for your store or restaurant that meets our standards, and that is acceptable to us, within 90 days after the date you sign the operating agreement. If you already have a potential site for a DQ store or restaurant, you may propose the location to us. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will furnish you with general site selection and evaluation criteria.

Each proposed site must receive our written consent. This is true even if we or ADQ identify a site (as described below). The general site selection and evaluation criteria that you should consider include the quality of the trade area and strategic fit of the site within the trade area, residential and daytime employment, attributes of the trade area that generate potential traffic patterns, ease of ingress and egress, physical attractiveness of the real estate, demographic information and consumer behavior information, competition, signage, site and building design requirements or restrictions, end-cap with drive-thru capability on shopping centers, local marketing support and similar factors. You must obtain our and ADQ's approval of the building plans and location before beginning construction of the store or restaurant. In certain

circumstances, we or ADQ may identify a site for a DQ store or restaurant and may assist in purchase or lease negotiations. You are under no obligation to accept the proposed site. Our or ADQ's identification of, consent to or acceptance of a site for a DQ store or restaurant does not constitute a guarantee, recommendation, assurance or endorsement as to the success of the site or your store or restaurant. Our or ADQ's consent indicates only that we or ADQ believe that the particular site falls within our or ADQ's criteria as of the time period encompassing the evaluation. Application of site criteria that have been effective for other sites does not predict the potential success of any specific site.

From the time you submit a site to us for our approval, we will generally respond within 60 days, or less, depending on the status of negotiations to secure the site, the level of our or ADQ's involvement in the identification of the site, and other factors. If we are unable to agree to a site within 90 days of the date you sign the operating agreement, we have the right to declare the operating agreement null and void and to refund your deposit, including your initial franchise fee, less a cancellation fee of \$10,000 or our and ADQ's expenses, whichever is greater.

Development Time

If you are developing a DQ store or restaurant through new construction, the typical length of time between our acceptance of the operating agreement and the opening of your business varies from 6 to 12 months. This period can be longer or shorter depending on the time of year, how quickly your site is identified and secured, availability of and securing financing, preparation of full building plans for permitting, municipality approval process, local construction delays, how soon your managers are selected and attend training or other factors.

You must then open your business within 270 days after you designate and we approve the location for the business, unless we authorize in writing an extension of time.

If you are a conversion subfranchisee, the length of time necessary for the conversion of your DQ store or restaurant to a DQ Grill & Chill restaurant will vary depending on the location, type of facility, the amount of work required for the conversion, how soon you can be scheduled for training and other factors. We estimate that it will typically take 2 to 6 months to complete a conversion.

You should not expend funds or make any other commitment in connection with the subfranchise and should not resign from existing employment, relocate or take any similar action until our final acceptance of your application and written approval of the subfranchise.

Training

There are currently 3 required components to initial training: (1) the MTRA; (2) SERVSAFE certification; and (3) ADQ's training program, which is made up of 3 phases. At least 2 people for each DQ Treat store you develop, including your designated manager and 1 assistant manager, or at least 3 people for each DQ Grill & Chill restaurant you develop, including your designated manager and 2 assistant managers (defined in Item 15 and referred to as your "trainees"), must attend all training components.

ADQ's initial training programs are summarized in the tables below. ADQ has the right to periodically alter the initial training programs.

ADQ's DQ GRILL & CHILL RESTAURANT TRAINING PROGRAM

Subject ⁽⁴⁾	Hours of Classroom Training	Hours of On-The-Job Training	Location ⁽⁵⁾
Product & Equipment Training (Phase 1)⁽¹⁾			
Restaurant Operations (product preparation, equipment, shift positions work experience)	0	116	At an approved certified DQ location
Customer Service	0	3	
Sanitation	0	2	
Safety	0	2	
Service, Management, and Financial Basics Training (Phase 2)⁽²⁾	0	0	
Restaurant Operations (shift positions, customer service, managing shifts, management function modules)	0	104	At an approved certified DQ location
Financial Management (recordkeeping, controllables, cash management)	0	8	
Marketing	0	2	
Register/Back Office System	0	8	
People, PRIDE and Profit Training (Phase 3)⁽³⁾	0	0	
Facility Management (service profit chain, DQ Capability Model function)	3	0	Classroom in Minneapolis, MN, or other location ADQ designates
Human Resource Management (training, supervising, retaining, coaching, evaluating)	7	0	
Customer Service/PRIDE/Speed of Service/Local Marketing	4	0	
Situational Leadership	8	0	
Goals/Change Management/ Time Management	4	0	
Profitability Management (cost of goods sold, recordkeeping, labor cash management, controllables)	6	0	
Total:	32	245	

Notes:

- (1) The instructional materials used are reference material packets, workbooks, hands-on demonstrations and practice in the training location, reviews, lectures, exams, classroom discussions, product knowledge tests, and skill assessments. Phases 1 and 2 are taught by restaurant training specialists, and Phase 3 is taught by a field training consultant. Students are required to bring laptop computers or tablets capable of internet access to in-store training.
- (2) Phases 1 and 2 occur in DQ locations certified and designated by ADQ and owned by either franchisees or ADQ's affiliates. Phase 3 occurs in ADQ's franchisee support center or another location designated

by ADQ. We and ADQ may, but are not required to, conduct Phase 3 training online or virtually if circumstances warrant

- (3) Product & Equipment Training (Phase 1) is scheduled as close to the projected date of your opening as is reasonably possible, and lasts about 2 ½ weeks. If a trainee has at least 12 months prior experience as a manager of another DQ store or restaurant, that individual may be given the opportunity to test out of some or all of Phases 1 and Phase 2; see Item 7 for further details.
- (4) Service, Management and Financial Basics Training (Phase 2) typically begins shortly after your required trainees complete Phase 1, must be completed within 6 months before your opening, and lasts about 2 1/2 weeks. If a trainee has at least 12 months prior experience as a manager of another DQ store or restaurant, that individual may be given the opportunity to test out of some or all of Phase 2.
- (5) People, PRIDE and Profit Training (Phase 3) lasts 4 days and must be completed before opening.

ADQ's DQ TREAT STORE TRAINING PROGRAM

Subject ⁽¹⁾	Hours of Classroom Training	Hours of On-The-Job Training	Location ⁽²⁾
Product & Equipment and Service, Management, and Financial Basics Training (Phases 1 and 2)⁽³⁾			
Store Operations (product preparation, equipment, shift positions work experience)	0	32	At a DQ location
Customer Service	0	2	
Store Operations (shift positions, managing shifts, management function modules)	0	92	
Sanitation	0	2	
Safety	0	2	
Marketing	0	2	
Financial Management (cash management, recordkeeping)	0	2	
Register/Back Office System	0	8	
People, PRIDE and Profit Training (Phase 3)⁽⁴⁾			
Facility Management (service profit chain, DQ Capability Model function)	3	0	Classroom in Minneapolis, MN, or other location ADQ designates
Human Resource Management (training, supervising, retaining, coaching, evaluating)	7	0	
Customer Service/PRIDE/Speed of Service/Local Marketing	4	0	
Situational Leadership	8	0	
Goals/Change Management/ Time Management	4	0	
Financial Management (cost of goods sold, recordkeeping, labor cash management, controllables)	6	0	
Total:	32	142	

Notes:

- (1) The instructional materials used are reference material packets, workbooks, hands-on demonstrations and practice in the training location, reviews, lectures, exams, classroom

discussions, product tests, and skill assessments. Phases 1 and 2 are taught by restaurant training specialists, and Phase 3 is taught by a field training consultant. Students are required to bring a laptop computer or tablet capable with internet access to in-store training.

- (2) Phases 1 and 2 occur in DQ® locations certified and designated by ADQ and owned by either franchisees or ADQ's affiliates. Phase 3 occurs in ADQ's franchisee support center or another location designated by ADQ. We and ADQ may, but are not required to, conduct training online or virtually if circumstances warrant.
- (3) Product & Equipment and Service, Management, and Financial Basics Training (Phases 1 and 2) is scheduled as close to the projected date of your opening as is reasonably possible, must be completed within 6 months prior to your opening, and lasts about 2 1/2 weeks. For ARD locations, if a training attendee has at least 3 months prior experience as a manager of another DQ store or restaurant, that individual may be given the opportunity to test out of some or all of Phases 1 and Phase 2; see Item 7 for costs.
- (4) People, PRIDE and Profit Training (Phase 3) lasts 4 days and must be completed before opening.

Your trainees must successfully complete each phase of ADQ's training program to ADQ's satisfaction. ADQ will evaluate your trainees based on attendance, participation, presentations, progress in the training program, leadership, and other similar factors. Trainees who fail to fulfill these standards, or who violate ADQ's code of conduct for the training program, may be prohibited from completing ADQ's training program. You will not be allowed to open and operate your store or restaurant until all required trainees complete all components of ADQ's required training program.

Daniel Kropp oversees all of ADQ's training programs and has done so in his capacity as Chief Operating Officer, or Executive Vice President, U.S. Operations, since November 2011. ADQ or IDQ has employed Mr. Kropp in various management positions since 1996. As of the date of this disclosure document, ADQ's training department consists of a Director of Training and 7 field training consultants, who have experience ranging from 10 to 38 years, and 20 to 40 restaurant training specialists who may be employed by ADQ or a franchisee. Although experience varies among restaurant training specialists, all are required to successfully complete ADQ's certified trainer training program.

Before attending ADQ's training program, your trainees must pass the MTRA, which is administered by a 3rd party at a location designated by ADQ. The MTRA measures leadership, customer service, decision-making, prioritizing and business math, and may be modified by ADQ at any time. If a trainee fails the MTRA, the test may be repeated after 30 days; if the trainee fails the MTRA on the 2nd attempt, the test may be repeated after 1 year. No trainee may repeat the MTRA more than 3 times.

Your trainees must also have current SERVSAFE certifications, at the manager level, which will only be recognized by ADQ if received through a course that is part of or equivalent to the National Restaurant Association's SERVSAFE program. SERVSAFE courses are offered online, and at various universities, vocational schools and community colleges.

You must pay any ADQ or other training fees before sending any trainees to the training programs. You also must pay any costs, travel expenses, living expenses, wages, benefits and other expenses associated with sending your trainees to ADQ's training program, the MTRA, and a SERVSAFE course. See Item 7 for estimates.

ADQ evaluates trainees in ADQ's various training programs based on attendance, participation, presentations, progress in the training program, leadership, and other similar factors. Trainees who fail to fulfill these standards, or who violate ADQ's code of conduct for the training program, may not be allowed to complete training.

If you receive a default notice and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require you to comply with additional training requirements at your expense and at the then-current training fees as a condition of curing the default.

Your Controlling Owner (as defined in the operating agreement), at your expense, must attend all meetings we and/or ADQ hold or sponsor in your area or region, including all DMA or other marketing area meetings, and all meetings relating to new products or product preparation procedures, new DQ system programs, new operational procedures or programs, training, restaurant management, financial management, sales or sales promotion, or similar topics.

Operations Manuals

We and ADQ will furnish or make available to you, through the ADQ website or otherwise, ADQ's operations materials, which include manuals, resource guides, system bulletins, handbooks, product preparation materials, brand guidelines and other written materials relating to the development and operation of DQ stores and restaurants (referenced collectively in this disclosure document as "operations manuals"). The operations manuals contain both mandatory standards, designs, specifications, menu items, recipes, techniques, procedures, methods, requirements, formats and management systems (sometimes referenced collectively in this disclosure document and the operating agreement as "standards"), and non-mandatory guidelines and recommendations. The operations manuals contain proprietary information, and you must keep this information confidential as stated in Item 14 of this disclosure document. The tables of contents of the operations manuals as of December 31, 2022 (225 pages for a DQ Treat store, and 469 pages for a DQ Grill & Chill restaurant) are disclosed in Exhibit L.

Item 12

TERRITORY

Rights under Operating Agreement. You are granted the right to operate a single store or restaurant at an authorized location that we have consented to in writing. You are not granted any minimum area or territory. If condemnation of the subfranchised premises or the exercise of a relocation right by your landlord requires you to relocate your store or restaurant, you are free to relocate within a radius of 500 meters of your authorized location, provided that the new DQ store or restaurant does not infringe on the rights of any other franchisee or subfranchisee and is under construction within 30 days if a captive-venue location or 180 days if a street location, after you discontinue operating. After construction begins, the new DQ store or restaurant must be open and operating within 90 days if in a captive-venue location or 120 days if in a street location, all subject to our prior written consent and the other relocation standards contained in the operating agreement and any applicable lease (see Item 9).

You do not have any options, rights of first refusal or similar rights to acquire additional subfranchises within any particular territory. However, at the time of this disclosure document, we have an ARD Program described in Items 1 and 5. To be considered for our ARD Program, an existing subfranchisee must, among other things: (a) meet certain ownership and financial

requirements; (b) not be in default or have a pattern of defaults or non-compliance; (c) be current with all training requirements; (d) keep the existing restaurant(s) or store(s) in a high state of cleanliness and have a record that demonstrates meeting or surpassing our and ADQ's standards; and (e) have demonstrated a commitment to system initiatives and programs, including adherence to approved and required menu items. Except where specifically indicated, the information contained in this disclosure document applies to all aspects of a location developed under our ARD Program, including, but not limited, to the construction and operation of the store or restaurant. We have the absolute right to approve or deny any application for an existing subfranchisee's participation in our ARD Program. Full details of our ARD Program are published periodically to existing subfranchisees and are available at all times on reasonable request.

You will not receive an exclusive territory. You may face competition from other subfranchisees, us, ADQ, our or ADQ's respective affiliates, or from other channels of distribution or brands that we or ADQ control.

You must operate a store or restaurant at an authorized location only, which we have approved in writing. You should have no expectation that the economic and demographic factors that exist at the location at the time you open your store or restaurant will remain constant. You are not granted a protected territory within which we agree not to issue franchises or subfranchises or operate competing businesses, or within which you have any right to exclude, control or impose conditions on the location or development of future stores or restaurants at any time. In addition, you are not granted any right to sell products and menu items identified by the DQ Grill & Chill, Dairy Queen, DQ or Orange Julius trademarks (i) at any location other than your store or restaurant, or (ii) through any other distribution channels or methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, third party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, or pre-packaged retail sales. There is no minimum sales quota that you must achieve.

Our, ADQ's and its Affiliates' Rights. We and/or ADQ and its affiliates may issue competing subfranchises and franchises or operate competing company-owned businesses under the DQ/Dairy Queen, DQ/Orange Julius, DQ Grill & Chill, and/or other trademarks of ADQ or its affiliates, or any other trademarks, for or at any type of location, as determined by us, ADQ or its affiliates, near your authorized location. You do not have any right to exclude, control or impose conditions on the location or development of future DQ stores or restaurants franchised by others, or owned and operated by us, ADQ or its affiliates. For example, if your authorized location is located adjacent to a shopping mall or center, we or ADQ can operate or franchise another location within the shopping mall or center (similarly, if your authorized location is in a shopping mall or center, we or ADQ can operate or franchise a location adjacent to the shopping mall or center). Sales and customer patterns for a DQ store or restaurant at any particular time are subject to change for many reasons, including our and ADQ's on-going development of DQ stores and restaurants, and these patterns do not represent any continuing franchisee or subfranchisee entitlement or expectation. Without limiting the above, ADQ may issue a franchise or operate a company-owned store or restaurant outside the Territory defined in Item 1 but still near your authorized location.

We are periodically called on to decide whether to grant a license for a new DQ store or restaurant in proximity to an existing DQ store or restaurant. Except for certain rights granted in older operating agreements, we do not as a rule grant protected territories to any subfranchisee. Instead, we grant to a subfranchisee under each operating agreement the right to operate a DQ store or restaurant at a particular location only, and make no commitment that we will not establish

new DQ stores or restaurants in proximity to existing DQ stores or restaurants. Nevertheless, there may be circumstances under which we, acting within our exclusive and absolute right, may choose not to establish a new DQ store or restaurant in proximity to an existing DQ store or restaurant. Some of the factors that we may consider when deciding whether to establish a new DQ store or restaurant in proximity to an existing DQ store or restaurant are as follows:

1. The desirability of maintaining a competitive environment in a particular area with other fast food systems.
2. The benefits to existing subfranchisees in a particular area attendant to growth of the DQ system.
3. The existence of other fast foods operations, other retail businesses, and the like within about ½ mile of the proposed new DQ store or restaurant which indicates separate markets or a competitive store pattern distinct from that of the existing DQ store or restaurant.
4. The population and demographic characteristics of a particular area, including any growth or decline in the population, employment rates and trends within the area, and concentrations of population within the area.
5. The distance between the proposed new DQ store or restaurant and any existing DQ store or restaurant in the area, as well as the configuration of roadways between a proposed new DQ store or restaurant and any existing DQ store or restaurant, the time to travel between a proposed new DQ store or restaurant and any existing DQ store or restaurant, and any natural barriers that would exist between a proposed new DQ store or restaurant and any existing DQ store or restaurant.
6. The extent, nature and permanency of the investment made or to be made by the proposed new subfranchisee, as well as any existing subfranchisee in proximity to the proposed new DQ store or restaurant that provides this information to us.
7. The possible effect, if any, that establishing the proposed new DQ store or restaurant will have on any existing DQ stores or restaurants in the area.
8. Whether existing DQ stores or restaurants are providing adequate market penetration and representation for “Dairy Queen” products.
9. The quality of service and management of existing DQ stores or restaurants in the area.
10. The potential positive effect on DQ stores or restaurants within the area resulting from increased public exposure to the DQ marks and system.
11. The increase in advertising dollars available to the DMA (formerly ADI) or other marketing area as determined by us or ADQ, by reason of the addition of a new DQ store or restaurant in the area.
12. The types of DQ stores and restaurants in the area, such as DQ/Dairy Queen stores, DQ/Orange Julius stores, DQ Grill & Chill restaurants, and so forth.
13. Comments of existing restaurant and store operators in the area.

ADQ has its own development and site clearance policy for franchises that it issues, which policy may contain different guidelines or factors than our policy. In addition, certain DQ franchisees and subfranchisees who have older operating agreements with protected territories and certain other territory operators who may operate DQ stores and restaurants for their own account and to subfranchise 3rd parties to operate DQ stores and restaurants in their territories also may have their own development and site clearance programs for developing new DQ stores or restaurants in proximity to existing DQ stores and restaurants that may contain different guidelines or factors than our guidelines and factors.

We, ADQ, and our and ADQ's respective affiliates, also have the right to sell or distribute, themselves or through designees, products and services through any distribution channels and methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, 3rd party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, and pre-packaged retail sales, using the DQ Grill & Chill, Dairy Queen, DQ, Orange Julius and/or other ADQ or its affiliates' trademarks, or any other trademarks, without any compensation to franchisees or subfranchisees.

We, ADQ, and our and ADQ's respective affiliates, have the right to issue franchises or subfranchises or operate competing company-owned businesses under any new or different trademarks, service marks, trade names and commercial symbols other than the DQ Grill & Chill, Dairy Queen, DQ, Orange Julius or any other trademarks for or at any locations.

There are no territorial or customer restrictions on your sales from your store or restaurant, and you are not required to compensate other DQ franchisees or subfranchisees, nor are you entitled to receive compensation from other DQ franchisees or subfranchisees, from us or ADQ based on sales from a DQ store or restaurant.

As described in Item 1, ADQ and its affiliates offer franchises under different trademarks that sell some, but not all, products similar to those you will offer in your store or restaurant.

- **DQ Treat.** ADQ offers single-unit DQ Treat franchises under the DQ/Dairy Queen and DQ/Orange Julius trademarks, which sell substantially the same soft-serve treat and beverage items, with a limited number of substantially similar food items, and certain additional treat and snack products.
- **DQ Grill & Chill.** ADQ offers single and multiple unit franchises under the DQ Grill & Chill trademarks, which sell substantially the same soft-serve treat and beverage items, but with a full food menu containing certain similar food products.
- **Texas DQ Restaurants.** ADQ offers single and multiple unit DQ restaurant franchises in Texas under the DQ trademark, which sell substantially the same soft-serve treat and beverage items, but with a different food menu.

Neither ADQ nor its affiliates own or operate any DQ Treat stores, Texas DQ restaurants, or Orange Julius stores. ADQ's affiliate, DQTR, owns and operates DQ Grill & Chill restaurants, as described in Item 1. The DQ Grill & Chill, DQ Treat, Texas DQ Restaurant, and Orange Julius franchises are all site-only franchises with no territory rights granted to franchisees (although certain multiple unit DQ Grill & Chill®, DQ Treat or Texas DQ restaurant franchisees may have a development or trade area under a MultiTRA or other multiple unit agreement). However, there are no territorial or customer restrictions on these franchisees' sales from their DQ stores or restaurants. The principal business address for ADQ is 8000 Tower, Suite 700, 8331 Norman

Center Drive, Bloomington, MN 55437, and the companies have their combined training facilities and offices at that address.

Although we currently offer our existing subfranchisees our Conversion Program and our ARD Program, we may change or discontinue these programs in the future. You are not granted an exclusive or protected territory, and you do not have any options, rights of first refusal or similar rights to acquire additional subfranchises in any particular territory.

Item 13

TRADEMARKS

The operating agreement licenses you the non-exclusive right to use the DQ, Dairy Queen, DQ Grill & Chill and other ADQ trademarks (the “Trademarks”). The chart below lists the principal trademarks that you are licensed to use, all of which are listed on the Principal Register of the United States Patent & Trademark Office (“PTO”). ADQ also claims common law trademark rights for all of the Trademarks. ADQ has filed or intends to file all required affidavits and renewals for the trademarks listed on the chart below.

Principal Trademarks	U.S. Reg. No.	Principal/ Supplemental Register	Date of Registration
DAIRY QUEEN	728,894	Principal	03/20/62
DQ GRILL & CHILL	2,592,944	Principal	07/09/02
GRILL & CHILL	2,592,943	Principal	07/09/02
	3,046,169	Principal	01/17/06
DQ	3,211,469	Principal	02/20/07
ORANGE JULIUS	3,247,123	Principal	05/29/07
	3,624,481	Principal	05/19/09

We and ADQ identify the Trademarks that you are licensed to use in the operations manuals or otherwise in writing. ADQ has the right to change the Trademarks you are licensed to use periodically through changes to the operations manuals, through system bulletins, or otherwise in writing, any of which may be communicated electronically. Your use of the trademarks and any goodwill is to ADQ’s exclusive benefit and you retain no rights in the trademarks other than a license to use the trademarks during the term of your operating agreement. You retain no rights in the trademarks on termination of your operating agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the trademarks unless ADQ directs in writing.

There are no currently effective material determinations by the PTO, any Trademark Trial and Appeal Board, or any state trademark administrator, nor are there any pending interference, infringement, opposition or cancellation proceedings or material litigation, involving any of the principal trademarks in any manner that is material to the subfranchised business. There are no decided infringement, cancellation or opposition proceedings in which we or ADQ unsuccessfully fought to prevent registration of another trademark to protect the trademarks.

There are currently no effective agreements that significantly limit the rights of us or ADQ to use or license the use of any trademarks in any manner material to the subfranchised business.

Neither we nor ADQ know of any superior rights or infringing uses that could materially affect your use of the principal trademarks.

Neither we nor ADQ are obligated to protect your right to use the trademarks listed in this Item or to protect you against infringement or unfair competition claims arising out of your use of the trademarks, or to participate in your defense or indemnify you. ADQ may control any litigation related to the trademarks and has the right to decide to pursue or settle any infringement actions related to the trademarks. You must promptly notify us and ADQ if you become aware of any infringement or unauthorized use of the trademarks. You must cooperate with any action that we or ADQ undertake; however, we and ADQ are not required by the operating agreement to take affirmative action when notified of such uses. If ADQ determines that a claim by a party that its rights to use the trademarks are superior and requires changes or substitutions to the trademarks, you must immediately make the changes or substitutions required by ADQ at your expense. You do not have any rights under the operating agreement if ADQ requires you to modify or discontinue using a trademark.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered or pending patent applications that are material to the subfranchises offered by us, although ADQ claims copyright ownership and protection for the operations manuals, and for various sales promotional and other materials published periodically.

There are no currently effective determinations of the Copyright Office (Library of Congress), PTO, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit ADQ's rights to use or license the use of any such patents or copyrights in any manner material to the subfranchise. There are no infringing uses actually known to us or ADQ that could materially affect your use of the patents or copyrights.

Neither we nor ADQ is obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. ADQ may control any litigation related to any patents and copyrights and may decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us and ADQ promptly of any infringement or unauthorized use of the patents and copyrights of which you become aware and cooperate with any action that ADQ undertakes; however we and ADQ are not required by the operating agreement to take affirmative action when notified of such uses. You do not have any rights under the operating agreement if ADQ requires you to modify or discontinue using any subject matter covered by a patent or copyright.

You must keep all proprietary information confidential during and after the term of the operating agreement, including the operations manuals and product preparation materials. You must not duplicate or disseminate any proprietary information to any party other than your personnel who need to know this proprietary information, and you must comply with all changes to the operations manuals at your cost. On termination of your operating agreement, you must return all proprietary information to us or ADQ, including all copies of the operations manuals and the product preparation materials then in your possession or control or previously disseminated to

your personnel, and all other copyright material. You must notify us and ADQ immediately if you learn about an unauthorized use of proprietary information; however we and ADQ are not required by the operating agreement to take any action, and have the right to determine the appropriate response to any unauthorized use of proprietary information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE SUBFRANCHISED BUSINESS

If you are an individual, we do not require, but strongly encourage, you to participate personally in the on-premises operation of the subfranchised store or restaurant. However, you must have a manager (“designated manager”), and 1 assistant manager for a DQ Treat store or 2 assistant managers for a DQ Grill & Chill restaurant (as those terms are defined in Section 16 of the operating agreement) who personally invest their full time and attention and devote their best efforts to the on-premises general management of the day-to-day operations of the restaurant, and meet our restaurant or retail management experience requirements. Neither your designated manager nor any of your assistant managers may participate in the active operation or management of any business other than the restaurant.

You must also designate at least 1 person who is responsible for actively directing your business affairs regarding the store or restaurant and overseeing the general management of the day-to-day operation of the store or restaurant (“Controlling Owner”). Unless you notify us otherwise in writing, a Controlling Owner who does not have an ownership interest shall have authority to sign on your behalf on all contracts and commercial documents for the store or restaurant. You must identify your Controlling Owner and your designated manager in the ownership and management addendum attached to the operating agreement (the “Ownership Addendum”) and thereafter notify us in writing of any change in the Controlling Owner or designated manager. A control person and designated manager may be the same individual, provided the individual fulfills both roles. Your control person(s), designated manager and assistant managers must attend and successfully complete all required training, described in Item 11.

Any new or replacement designated manager must meet our then-current prior restaurant or retail management experience requirements.

If you are a legal entity, each individual who owns an interest in you must sign the personal undertaking and guarantee attached to the operating agreement. You must identify your owner(s) in the Ownership Addendum and, thereafter, notify us in writing of any change in the owner(s). These people agree to discharge all obligations of the subfranchisee under the operating agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information described in Item 14 and abiding by the noncompete covenants described in Item 17.

Item 16

RESTRICTIONS ON WHAT THE SUBFRANCHISEE MAY SELL

You must offer and sell only those goods and services that we and ADQ have approved for your store or restaurant (see Items 8 and 9). In addition, you may offer and sell these approved goods and services only from your store or restaurant (see Item 12). Your failure to comply with these requirements may result in termination of your subfranchise (see Item 17).

You must offer the required menu items that we and ADQ designate for your business. We and ADQ may determine the authorized menu for your store or restaurant, based on our or ADQ's evaluation of various factors, including customs or circumstances of a particular site or location, density of population, population of trade area, existing business practices, lease restrictions, and any other condition that we and ADQ consider important to the operation of your store or restaurant or to the DQ system. There are no limits on our or ADQ's right to make modifications to the approved menu and ingredients periodically through the operations manuals, by system bulletins or otherwise in writing, any of which may be communicated electronically. We or ADQ may require you to be certified for specialized training and equipment or pledge additional funds if you want to carry optional menu items. Other DQ stores and restaurants may carry different menu items than you carry in your store or restaurant.

You must not sell, offer for sale or otherwise handle alcoholic or intoxicating beverages or controlled substances on the store or restaurant premises. You must not have or use or permit the presence or use of ATMs, video game machines, vending machines, coin-operated or electronic devices or machines on the store or restaurant premises. You must not offer, sell, use or participate in any lottery or gambling device of any nature at or from the store or restaurant premises. Your store or restaurant must be smoke-free for all customers and personnel, and you must post signs on all doors and throughout the store or restaurant that announce the smoke-free policy.

You must be open for business each week for minimum hours and days as stated in the operations manuals.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Operating Agreement	Summary
a.	Length of the subfranchise term	4.1	Term is 20 years or the term of the lease of the store or restaurant premises, whichever is shorter
b.	Renewal or extension of the term	4.3	Renewal for 1 additional term of 10 years or the term of the renewed lease, whichever is shorter

	Provision	Section in Operating Agreement	Summary
c.	Requirements for you to renew or extend	4.3	Your lease has been renewed; you give us written notice of your decision to renew at least 3 months but not more than 6 months before the end of the initial term; you sign our then-current form of renewal operating agreement, except that the sales promotion program fee will be not less than 3% nor more than 6% of Gross Sales; you have complied with Section 5.5 regarding your store or restaurant facility; you are in good standing with us; if leasing, you have written proof of your ability to remain in possession of the store or restaurant premises throughout the renewal period; and you pay us a renewal fee (see Item 6) If you seek to renew your subfranchise at the expiration of the initial term or any renewal term, you may be asked to sign a new operating agreement that contains terms and conditions materially different from those in your previous operating agreement.
d.	Termination by you	13.3	You may terminate the subfranchise only for a material breach by us, provided you give us written notice of the breach and allow us 30 days to cure the breach and, if not cured, wait 60 days from the original notice of breach before terminating the subfranchise
e.	Termination by us without cause	Not applicable	
f.	Termination by us with cause	13.1 & 13.2	We can terminate the subfranchise only if you default
g.	“Cause” defined – curable defaults	13.1 & 13.2	You have 10 days (24 hours if the issue deals with health or safety) to cure the making and submission of false reports, failure to submit the lease before execution (if applicable), non-submission of reports, non-payment of amounts due and owing. You have 30 days to cure a failure to abide by our or ADQ’s standards in connection with the operation of your store or restaurant, the filing of voluntary or involuntary bankruptcy by or against you, a failure to meet any standards established by us or by ADQ, and any other default not listed in h below.

	Provision	Section in Operating Agreement	Summary
h.	“Cause” defined – non-curable defaults	13.1 & 13.2	Non-curable defaults: ADQ does not consent to the operating agreement; you do not select and/or we do not approve a site within 90 days of our approval of your application; you do not begin construction within 180 days of our approval of your location; your trainees fail to comply with training requirements; abandonment, insolvency, unapproved assignments or transfers, conviction of offense directly related to subfranchised business, intentionally understating or underreporting Gross Sales or other fees, 3 defaults within a 12-month period even if cured, and failure to cure within 24 hours of notice thereof a default which materially impairs the goodwill associated with any of ADQ’s trademarks, you are named a specially designated national or blocked person by the U.S. Department of the Treasury’s Office of Foreign Assets Control.
i.	Your obligations on termination/non-renewal	13.2(D) & 14	Obligations include complete de-identification and payment of amounts due and, in the case of a termination of the subfranchise, payment of a termination fee (also see r below).
j.	Assignment of contract by us	11.6	No restriction on our right to assign.
k.	“Transfer” by you - definition	11.2	Includes any transfer of your interest in the operating agreement or in the business conducted thereunder or any ownership change thereof listed in Section 11.2
l.	Our approval of transfer by subfranchisee	11.1	We must approve all transfers, but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	11.3	Transferee meets all of our then-current requirements for transferees, transfer fee paid, all amounts owed by prior subfranchisee paid, required facility improvements made, training arranged, required guarantees signed, necessary financial reports and other data on subfranchised business is prepared, release signed by you and current operating agreement signed by new subfranchisee (also see r below).
n.	Our right of 1 st refusal to acquire your business	11.3(B)	We (or, at our option, a qualified 3 rd party designated by us) can match any offer for your subfranchise and business assets (including any leasehold interests) and, in the case of a proposed stock sale, we (or, at our option, a qualified 3 rd party designated by us) can purchase your subfranchise and business assets at a price determined by an appraiser, unless you and we (or our designated buyer) agree otherwise. Appraiser fees and expenses will be shared equally by both parties.

	Provision	Section in Operating Agreement	Summary
o.	Our option to purchase your business	14.5	On termination, we may purchase or designate a 3 rd party that will purchase all or any portion of the assets of your store or restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory of your store or restaurant. Qualified appraiser will determine price which will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a DQ store or restaurant. Appraiser fees and expenses will be shared equally by both parties.
p.	Your death or disability	11.7	You can transfer your subfranchise to your heir or successor in interest under Section 11, and if assignee is your spouse or child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	10.5	No direct or indirect involvement in the operation of any quick service restaurant that serves hamburgers but does not serve alcohol, or any restaurant or business that generates more than 10% of its revenue from sales of ice cream, yogurt, frozen custard, soft serve or other frozen treats, other than one authorized in operating agreement
r.	Non-competition covenants after the franchise is terminated or expires	14.6	No direct or indirect involvement in a competing business for 1 year within 500 meters of the prior authorized location.
s.	Modification of the agreement	6.1, 6.11, 15.2, 15.4	No modifications generally, but we and ADQ may change the operations manuals, authorized trademarks and menu items.
t.	Integration/merger clause	15.2	Only the terms of the operating agreement and its addenda are binding (subject to state law). Any representations or promises outside of this disclosure document and the operating agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	12	All disputes must be arbitrated in Richmond, Virginia or other place that is mutually agreeable to the parties.
v.	Choice of forum	12.1(D)	Arbitration will take place in Richmond, Virginia, or other place that is mutually agreeable to the parties.
w.	Choice of law	15.8(A)	Applicable law is that of the state where authorized location is located.

Item 18

PUBLIC FIGURES

Neither we nor ADQ use any public figure to promote the subfranchise. No public figure is involved in the actual management or control of us or of ADQ.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

2022 Historical Gross Sales Information. The table below contains the following historical Gross Sales information: the high, low, average and median 2022 Gross Sales of 39 subfranchised free-standing DQ Grill & Chill restaurants that operated in Virginia during the entire 2022 calendar year.

As of December 31, 2022 (and as of February 28, 2023, our last fiscal year end), another 50 subfranchised DQ stores or restaurants were operating in Virginia. Those other DQ stores and restaurants, however, did not operate as free-standing DQ Grill & Chill restaurants during the entire 2022 calendar year, were not fully remodeled DQ Grill & Chill restaurants, were treat-centric stores with limited menus, were located in malls or strip centers, or sold non-system foods. The Gross Sales of those other DQ stores and restaurants were not used in preparing this financial performance representation.

In 2022, no subfranchised DQ stores or restaurants in Virginia ceased operations due to termination, no DQ stores or restaurants in Virginia ceased operations due to non-renewal, 2 DQ Grill & Chill restaurants in Virginia ceased operations for other reasons, and no subfranchised DQ stores or restaurants in Virginia both began and ceased operations.

**High, Low, Average and Median Gross Sales of 39 Subfranchised
Free-Standing DQ Grill & Chill Restaurants Operating in Virginia in 2022**

HIGH GROSS SALES	\$2,782,934
LOW GROSS SALES	\$713,055
AVERAGE GROSS SALES	\$1,518,403
MEDIAN GROSS SALES	\$1,512,649

Notes to Table:

1. “Gross Sales” include the total revenue and receipts from the sale of all products sold by the restaurant, including sales of all products under any of ADQ’s trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from the sale of gift cards.
2. An “average” is calculated by adding the numerical values of all data points in a set, and dividing by the number of data points in the set. Of the 39 subfranchised free-standing DQ Grill & Chill restaurants that operated in Virginia during the entire 2022 calendar year, 18, or 46%, exceeded the average.
3. A “median” is the numerical value of the data point in the middle of all data points in a set. If a set contains an even number of data points, the median is calculated by identifying the 2 data points in the middle of the set, adding their numerical values, and dividing by 2.

2021 Historical Gross Sales Information. The table below contains the following historical Gross Sales information: the high, low, average and median 2021 Gross Sales of 39 subfranchised free-standing DQ Grill & Chill restaurants that operated in Virginia during the entire 2021 calendar year.

As of December 31, 2021, another 52 subfranchised DQ stores or restaurants were operating in Virginia. Those other DQ stores and restaurants, however, did not operate as free-standing DQ Grill & Chill restaurants during the entire 2021 calendar year, were not fully remodeled DQ Grill & Chill restaurants, were treat-centric stores with limited menus, were located in malls or strip centers, or sold non-system foods. The Gross Sales of those other DQ stores and restaurants were not used in preparing this financial performance representation.

In 2021, no subfranchised DQ stores or restaurants in Virginia ceased operations due to termination, 2 DQ Grill & Chill restaurants in Virginia ceased operations due to non-renewal, 1 DQ Grill & Chill restaurant in Virginia ceased operations for other reasons, and no subfranchised DQ stores or restaurants in Virginia both began and ceased operations.

**High, Low, Average and Median Gross Sales of 39 Subfranchised
Free-Standing DQ Grill & Chill Restaurants Operating in Virginia in 2021**

HIGH GROSS SALES	\$2,709,367
LOW GROSS SALES	\$341,067
AVERAGE GROSS SALES	\$1,493,087
MEDIAN GROSS SALES	\$1,443,731

Notes to Table:

1. “Gross Sales” include the total revenue and receipts from the sale of all products sold by the restaurant, including sales of all products under any of ADQ’s trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from the sale of gift cards.
2. An “average” is calculated by adding the numerical values of all data points in a set, and dividing by the number of data points in the set. Of the 39 subfranchised free-standing DQ Grill & Chill restaurants that operated in Virginia during the entire 2021 calendar year, 14, or 36%, exceeded the average.
3. A “median” is the numerical value of the data point in the middle of all data points in a set. If a set contains an even number of data points, the median is calculated by identifying the 2 data points in

the middle of the set, adding their numerical values, and dividing by 2.

General:

The Gross Sales information shown in the tables above for subfranchised DQ Grill & Chill restaurants is compiled from information submitted to us by the franchisees in their 2022 and 2021 unaudited sales reports. The reports submitted to us were not audited, and we have not undertaken to independently verify the accuracy of the information in the reports or determine whether the reports were prepared in accordance with generally accepted accounting principles. However, we are not aware of any instance in which any subfranchised DQ Grill & Chill restaurant overstated Gross Sales in any report.

Of the subfranchised free-standing DQ Grill & Chill restaurants operating in 2022 and 2021, some were converted rather than newly built, and all had layouts and production cores that varied somewhat depending on their sites and the prototypes used when they were converted or newly built. Otherwise, we are not aware of any material differences between the subfranchised DQ Grill & Chill restaurants for which information is shown in this Item 19, and the subfranchised DQ Grill & Chill restaurants described in this disclosure document.

Written substantiation for the financial performance representation will be made available to you on reasonable request. We urge you to consult with your financial, business and legal advisors in connection with the Gross Sales information shown in this Item 19.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Matt Dunham, 12020 Wyndham Lake Drive, Glen Allen, Virginia 23059, (804) 364-3006, the Federal Trade Commission, and any appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

TERRITORY OPERATOR

TABLE NO. 1

Systemwide Outlet Summary *
For Fiscal Years Ended
February 28, 2021, February 28, 2022 and February 28, 2023

Outlet Type	Year	Outlets At Start of Year	Outlets At End of Year	Net Change
Subfranchised	2021	93	93	0
	2022	93	91	-2
	2023	91	89	-2
Company- Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	93	93	0
	2022	93	91	-2
	2023	91	89	-2

* Some of our shareholders have ownership interests in some subfranchised outlets.

TABLE NO. 2

**Transfers of Outlets From Subfranchisees To New Owners
(Other Than Territory Operator or an Affiliate)**
For Fiscal Years Ended
February 28, 2021, February 28, 2022 and February 28, 2023

State	Year	Number of Transfers
VA	2021	3
	2022	2
	2023	4
Totals	2021	3
	2022	2
	2023	4

TABLE NO. 3

**Status of Subfranchised Outlets
For Fiscal Years Ended
February 28, 2021, February 28, 2022 and February 28, 2023**

State	Year	Outlets At Start of Year	Outlets Opened	Termina- tions	Non- Renewals	Reacquired By Territory Operator	Ceased Operations – Other Reasons	Outlets At End of Year
VA	2021	93	1	0	0	0	1	93
	2022	93	1	0	2	0	1	91
	2023	91	0	0	0	0	2	89
Totals	2021	93	1	0	0	0	1	93
	2022	93	1	0	2	0	1	91
	2023	91	0	0	0	0	2	89

TABLE NO. 4

**Status of Territory Operator-Owned Outlets
For Fiscal Years Ended
February 28, 2021, February 28, 2022 and February 28, 2023
2022**

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Re- Acquired From Subfranchisees	Outlets Closed	Outlets Sold To Subfranchisees	Outlets At End Of Year
VA	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

TABLE NO. 5

Projected Openings as of February 28, 2023

State	Franchise Agreements Signed But Outlets Not Open as of 2/28/2023	Projected New Subfranchised Outlets As of 2/28/2023 (in FYE 2/28/2024)	Projected New Territory Operator-Owned Outlets As Of 2/28/2023 (in FYE 2/28/2024)
VA	4	0	0
TOTALS	4	0	0

Exhibit F contains the names of our subfranchisees, and the addresses and telephone numbers of their outlets, as of February 28, 2023.

Exhibit G contains the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of each of our subfranchisees: who transferred (4), had a subfranchise terminated (0), cancelled (0) or not renewed (0), or otherwise voluntarily or involuntarily ceased to do business (2), in our fiscal year ended February 28, 2023; or who had not communicated with us within 10 weeks of the date of this disclosure document (0).

If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former subfranchisees which would restrict them from speaking openly with you about their experience with us.

HEAD FRANCHISOR

Note: The numbers in the following tables are given to us by ADQ and we have not independently verified these numbers.

Included in this Item are tables for the following concepts: direct-licensed and subfranchised DQ Grill & Chill restaurants, direct-licensed and subfranchised Dairy Queen/Brazier restaurants, Texas DQ restaurants, direct-licensed and subfranchised DQ Treat, DQ soft-serve-only, and Dairy Queen/Limited Brazier® stores.

**DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Systemwide Outlet Summary
For Years 2020 to 2022⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	1913	1926	13
	2021	1926	1952	26
	2022	1952	1965	13
Company-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	2	0

Total Outlets	2020	1915	1928	+13
	2021	1928	1954	+26
	2022	1954	1967	+13

- (1) The totals do not include Texas DQ restaurants, subfranchised outlets operating under agreements with territory operators (“subfranchised restaurants”), or outlets for other franchise programs described in Item 1.

DQ Grill & Chill & Dairy Queen/Brazier Direct Licensed Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
Alabama	2020	3
	2021	2
	2022	6
Arizona	2020	7
	2021	5
	2022	1
Arkansas	2020	6
	2021	0
	2022	2
California	2020	2
	2021	2
	2022	1
Colorado	2020	2
	2021	1
	2022	0
Delaware	2020	2
	2021	2
	2022	0
Florida	2020	8
	2021	5
	2022	4
Georgia	2020	3
	2021	10
	2022	8
Idaho	2020	1
	2021	2
	2022	10
Illinois	2020	9
	2021	10
	2022	9
Indiana	2020	7
	2021	10
	2022	13
Iowa	2020	0
	2021	1
	2022	0
Kansas	2020	0
	2021	0

State	Year	Number of Transfers
	2022	3
Kentucky	2020	2
	2021	3
	2022	2
Louisiana	2020	0
	2021	10
	2022	0
Maine	2020	1
	2021	0
	2022	0
Massachusetts	2020	0
	2021	0
	2022	1
Michigan	2020	1
	2021	2
	2022	2
Minnesota	2020	6
	2021	4
	2022	7
Mississippi	2020	0
	2021	2
	2022	0
Missouri	2020	5
	2021	6
	2022	5
Nebraska	2020	4
	2021	0
	2022	3
New Mexico	2020	0
	2021	0
	2022	2
New York	2020	0
	2021	1
	2022	0
North Carolina	2020	0
	2021	4
	2022	2
Ohio	2020	4
	2021	3
	2022	5
Oklahoma	2020	1
	2021	0
	2022	1
Pennsylvania	2020	3
	2021	2
	2022	1

State	Year	Number of Transfers
Rhode Island	2020	0
	2021	0
	2022	1
South Carolina	2020	1
	2021	2
	2022	0
Tennessee	2020	6
	2021	2
	2022	1
Washington	2020	1
	2021	3
	2022	7
West Virginia	2020	4
	2021	0
	2022	5
Wisconsin	2020	3
	2021	9
	2022	6
Wyoming	2020	1
	2021	0
	2022	0
Total	2020	93
	2021	103
	2022	108

**DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Status of Franchised Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2020	68		2				66
	2021	66		1				65
	2022	65	1					66
Alaska	2020	5						5
	2021	5						5
	2022	5						5
Arizona	2020	34						34
	2021	34						34
	2022	34						34
Arkansas	2020	25	3					28
	2021	28	3					31
	2022	31	2	1				32
California	2020	38	1					39
	2021	39		1				38
	2022	38	1	2				37
Colorado	2020	30						30
	2021	30	2					32

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
	2022	32						32
Connecticut	2020	10	1					11
	2021	11	1					12
	2022	12	1					13
Delaware	2020	10	1					11
	2021	11		1				10
	2022	10						10
Florida	2020	89	2	2				89
	2021	89	5	3				91
	2022	91	3					94
Georgia	2020	199	2	1				200
	2021	200	3	4				199
	2022	199	5	2				202
Idaho	2020	20						20
	2021	20						20
	2022	20	3					23
Illinois	2020	136		1				135
	2021	135	2	1				136
	2022	136						136
Indiana	2020	158	3					161
	2021	161	2					163
	2022	163		4				159
Iowa	2020	26	1	1				26
	2021	26						26
	2022	26						26
Kansas	2020	46						46
	2021	46	1	1				46
	2022	46		1				45
Kentucky	2020	127	3					130
	2021	130		1				129
	2022	129	2					131
Louisiana	2020	29	1					30
	2021	30	2					32
	2022	32						32
Maine	2020	9						9
	2021	9						9
	2022	9						9
Maryland	2020	13						13
	2021	13						13
	2022	13	2					15
Massachusetts	2020	11						11
	2021	11	1					12
	2022	12						12
Michigan	2020	40						40
	2021	40	3					43
	2022	43	3					46

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
Minnesota	2020	138	2					140
	2021	140	1	1				140
	2022	140	2	7				135
Mississippi	2020	25	1					26
	2021	26						26
	2022	26						26
Missouri	2020	97	1	1				97
	2021	97	1	2				96
	2022	96	2	1				97
Nebraska	2020	40						40
	2021	40	2	2				40
	2022	40						40
Nevada	2020	5						5
	2021	5						5
	2022	5						5
New Hampshire	2020	6						6
	2021	6						6
	2022	6						6
New Jersey	2020	1						1
	2021	1						1
	2022	1						1
New Mexico	2020	27						27
	2021	27						27
	2022	27	1	1				27
New York	2020	24	1	2				23
	2021	23						23
	2022	23						23
North Carolina	2020	37	2					39
	2021	39	2	1				40
	2022	40		1				39
Ohio	2020	69	3					72
	2021	72	2					74
	2022	74	3					77
Oklahoma	2020	13	1	1				13
	2021	13						13
	2022	13		1				12
Oregon	2020	4						4
	2021	4						4
	2022	4						4
Pennsylvania	2020	25						25
	2021	25	7	2				30
	2022	30	1					31
Rhode Island	2020	1						1
	2021	1						1
	2022	1						1
	2020	18	1					19

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
South Carolina	2021	19	1	1				19
	2022	19	1	1				19
South Dakota	2020	5						5
	2021	5						5
	2022	5	2					7
Tennessee	2020	75	1	3				73
	2021	73	2					75
	2022	75	3	1				77
Washington	2020	33						33
	2021	33						33
	2022	33						33
West Virginia	2020	51		2				49
	2021	49	1					50
	2022	50						50
Wisconsin	2020	88	1	1				88
	2021	88	3	1				90
	2022	90		2				88
Wyoming	2020	8						8
	2021	8						8
	2022	8						8
Totals	2020	1913	32	17	0	0	0	1928
	2021	1928	47	23	0	0	0	1952
	2022	1952	38	25	0	0	0	1965

The following openings were conversions from another DQ concept, acquisitions of a territory operator's rights in the store franchise agreements, or conversion of company-owned to a direct-license outlet: 3 in 2020, 8 in 2021, and 1 in 2022.

**DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Status of Company-Owned Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Totals	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

DQ Grill & Chill & Dairy Queen/Brazier Direct-Licensed Outlets
Projected Openings ⁽¹⁾
As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Arizona	1	2	0
Arkansas	3	6	0
California	1	3	0
Colorado	0	1	0
Delaware	2	2	0
Florida	6	13	0
Georgia	3	6	0
Idaho	0	1	0
Illinois	3	4	0
Indiana	1	2	0
Kentucky	1	4	0
Maryland	4	4	0
Michigan	3	4	0
Minnesota	1	3	0
Mississippi	1	1	0
Missouri	1	1	0
Nebraska	0	2	0
New York	2	0	0
North Carolina	1	3	0
Ohio	4	0	0
South Carolina	2	3	0
South Dakota	0	1	0
Tennessee	0	1	0
Texas	3	8	0
Washington	1	1	0
West Virginia	0	1	0
Wisconsin	0	1	0
Wyoming	0	1	0
Total	44	87	0

The information provided below regarding subfranchised outlets is provided by territory operators and is not independently verified by ADQ.

**DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Systemwide Outlet Summary
For Years 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	575	577	2
	2021	577	569	-8
	2022	569	572	3
Company-Owned	2020	0	0	+0
	2021	0	0	+0
	2022	0	0	+0
Total Outlets	2020	575	577	2
	2021	577	569	-8
	2022	569	572	3

**DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022**

State	Year	Number of Transfers
Arizona	2020	1
	2021	1
	2022	0
Montana	2020	9
	2021	1
	2022	4
Nebraska	2020	1
	2021	0
	2022	1
Nevada	2020	2
	2021	0
	2022	4
New Jersey	2020	1
	2021	0
	2022	0
North Dakota	2020	2
	2021	2
	2022	1
Ohio	2020	4
	2021	2
	2022	4
Oregon	2020	5
	2021	5
	2022	3
Pennsylvania	2020	4
	2021	5
	2022	1

State	Year	Number of Transfers
Utah	2020	3
	2021	0
	2022	1
Virginia	2020	3
	2021	3
	2022	6
Washington	2020	4
	2021	3
	2022	2
Total	2020	39
	2021	22
	2022	27

**DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Status of Franchised Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2020	17						17
	2021	17						17
	2022	17						17
Colorado	2020	3						3
	2021	3						3
	2022	3						3
Delaware	2020	0		1				-1
	2021	-1						-1
	2022	-1						-1
Florida	2020	1						1
	2021	1						1
	2022	1						1
Illinois	2020	2						2
	2021	2						2
	2022	2						2
Indiana	2020	1						1
	2021	1						1
	2022	1	1					2
Iowa	2020	22						22
	2021	22						22
	2022	22		1				21
Kansas	2020	2						2
	2021	2						2
	2022	2						2
Kentucky	2020	2						2
	2021	2						2
	2022	2						2

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
Montana	2020	31						31
	2021	31	1					32
	2022	32						32
Nebraska	2020	8						8
	2021	8		1				7
	2022	7						7
Nevada	2020	12						12
	2021	12	2					14
	2022	14		1				13
New Jersey	2020	7						7
	2021	7						7
	2022	7						7
North Carolina	2020	2						2
	2021	2						2
	2022	2						2
North Dakota	2020	29	1					30
	2021	30						30
	2022	30	2					32
Ohio	2020	92	1					93
	2021	93	1					94
	2022	94	2	2				94
Oregon	2020	89	1	1				89
	2021	89		1				88
	2022	88	1					89
Pennsylvania	2020	78						78
	2021	78		8				70
	2022	70	1	1				70
South Dakota	2020	32						32
	2021	32		1				31
	2022	31						31
Utah	2020	22						22
	2021	22		1				21
	2022	21	2					23
Virginia	2020	62	1					63
	2021	63	1	1				63
	2022	63		2				61
Washington	2020	60						60
	2021	60						60
	2022	60	1					61
Wisconsin	2020	1						1
	2021	1						1
	2022	1						1
Totals	2020	575	4	2	0	0	0	577
	2021	577	5	13	0	0	0	569
	2022	569	10	7	0	0	0	572

- (1) The following openings were conversions from another DQ concept: 5 in 2020, 1 in 2021, and 1 in 2022.
- (2) The following closings were conversions to another DQ concept or acquisitions of a territory operator's rights in the store franchise agreements: 0 in 2020, 7 in 2021, and 0 in 2022.

DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Status of Company-Owned Outlets
For Years 2020 to 2022

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

DQ Grill & Chill & Dairy Queen/Brazier Subfranchised Territory Operator Outlets
Projected Openings
As Of December 31, 2022⁽¹⁾

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Totals	--	--	--

- (1) Territory operators are not contractually required to provide ADQ with information for their projected openings. Therefore, we are unable to provide this information.

Texas DQ Restaurant Direct-Licensed Outlets
Systemwide Outlet Summary
For Years 2020 to 2022⁽¹⁾

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	581	584	3
	2021	584	586	2
	2022	586	585	-1
Company-Owned	2020	0	0	+0
	2021	0	0	+0
	2022	0	0	+0
Total Outlets	2020	581	584	3
	2021	584	586	2
	2022	586	585	-1

- (1) In 1980, ADQ acquired the Texas territory operator's subfranchisor rights in over 900 subfranchised Dairy Queen restaurants, none of which carry the Dairy Queen/Brazier or DQ Grill & Chill food lines because of various arrangements. The majority of the Texas DQ restaurants have a non-system food called "Texas Country Food."

Texas DQ Restaurant Direct-Licensed Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
Texas	2020	52
	2021	6
	2022	8
Total	2020	52
	2021	6
	2022	8

Texas DQ Restaurant Direct-Licensed Outlets
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Texas	2020	581	8	5	0	0	0	584
	2021	584	6	4	0	0	0	586
	2022	586	6	4	0	0	0	588
Totals	2020	581	8	5	0	0	0	584
	2021	584	6	4	0	0	0	586
	2022	586	6	7	0	0	0	585

Texas DQ Restaurant Direct-Licensed Outlets
Status of Company-Owned Outlets
For Years 2020 to 2022

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

Texas DQ Restaurant Direct-Licensed Outlets
Projected Openings
As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Texas	3	8	0
Totals	3	8	0

Included in this Item are tables for the following concepts: direct-licensed and subfranchised DQ Treat, DQ soft-serve only, and Dairy Queen/Limited Brazier stores.

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets
Systemwide Outlet Summary
For Years 2020 to 2022⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	885	858	-27
	2021	858	828	-30
	2022	828	789	-39
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	885	858	-27
	2021	858	828	-30
	2022	828	789	-39

(1) The totals include DQ Treat, Dairy Queen/Limited Brazier and Dairy Queen soft-serve only locations, which may have non-system food. The totals do not include subfranchised outlets operating under agreements with territory operators or outlets for any other franchise programs described in Item 1.

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022**

State	Year	Number of Transfers
Arizona	2020	1
	2021	7
	2022	0
California	2020	1
	2021	1
	2022	3
Colorado	2020	2
	2021	4
	2022	7
Connecticut	2020	0
	2021	2
	2022	2
Delaware	2020	0
	2021	1
	2022	0
Florida	2020	2
	2021	2
	2022	5
Hawaii	2020	0
	2021	0
	2022	1
Illinois	2020	6
	2021	1
	2022	2
Indiana	2020	1
	2021	0

State	Year	Number of Transfers
	2022	2
Iowa	2020	1
	2021	1
	2022	2
Maine	2020	0
	2021	2
	2022	0
Maryland	2020	1
	2021	2
	2022	0
Massachusetts	2020	0
	2021	2
	2022	0
Michigan	2020	6
	2021	4
	2022	2
Minnesota	2020	2
	2021	5
	2022	2
Missouri	2020	2
	2021	0
	2022	1
New Hampshire	2020	0
	2021	0
	2022	2
New Mexico	2020	0
	2021	0
	2022	1
New York	2020	0
	2021	1
	2022	2
North Carolina	2020	4
	2021	8
	2022	2
North Dakota	2020	0
	2021	1
	2022	0
Ohio	2020	2
	2021	4
	2022	0
Oklahoma	2020	0
	2021	0
	2022	1
Pennsylvania	2020	1
	2021	1
	2022	4
West Virginia	2020	1
	2021	0
	2022	0

State	Year	Number of Transfers
Wisconsin	2020	4
	2021	1
	2022	2
Total	2020	37
	2021	50
	2022	43

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets
Status of Franchised Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2020	22		1	1			20
	2021	20						20
	2022	20						20
Arkansas	2020	1						1
	2021	1						1
	2022	1						1
California	2020	38						38
	2021	38		1				37
	2022	37		1	2			34
Colorado	2020	53			1			52
	2021	52		4	1			47
	2022	47						47
Connecticut	2020	26						26
	2021	26						26
	2022	26						26
Delaware	2020	4						4
	2021	4		1				3
	2022	3		1				2
Florida	2020	47		3				44
	2021	44		1				43
	2022	43						43
Georgia	2020	11		1				10
	2021	10			1			9
	2022	9		2	1			6
Hawaii	2020	7						7
	2021	7						7
	2022	7			1			6
Idaho	2020	1						1
	2021	1						1
	2022	1						1
Illinois	2020	44		1				43
	2021	43			2			41
	2022	41		2	1			38
Indiana	2020	47						47
	2021	47		1				46
	2022	46		2				44

Iowa	2020	30					30
	2021	30					30
	2022	30					30
Kansas	2020	16		1			15
	2021	15					15
	2022	15					15
Kentucky	2020	6					6
	2021	6		1			5
	2022	5					5
Louisiana	2020	3					3
	2021	3					3
	2022	3		1			2
Maine	2020	15		1			14
	2021	14		1			13
	2022	13					13
Maryland	2020	20		3			17
	2021	17		1			16
	2022	16		2	3		11
Massachusetts	2020	18					18
	2021	18					18
	2022	18					18
Michigan	2020	116			1		115
	2021	115		4	1		110
	2022	110		2			108
Minnesota	2020	69		1			68
	2021	68					68
	2022	68		1			67
Missouri	2020	12		1	2		9
	2021	9					9
	2022	9					9
Nebraska	2020	2					2
	2021	2					2
	2022	2					2
Nevada	2020	6					6
	2021	6		1	1		4
	2022	4		1			3
New Hampshire	2020	6					6
	2021	6					6
	2022	6					6
New Mexico	2020	7		1			6
	2021	6		1			5
	2022	5					5
New York	2020	17					17
	2021	17					17
	2022	17					17
North Carolina	2020	43		2	1		40
	2021	40			1		39
	2022	39					39
North Dakota	2020	2					2
	2021	2					2

	2022	2						2
Ohio	2020	56		1				55
	2021	55		2				53
	2022	53			1			52
Oklahoma	2020	8						8
	2021	8		1				7
	2022	7						7
Oregon	2020	1						1
	2021	1						1
	2022	1						1
Pennsylvania	2020	41		2				39
	2021	39	4	2	1			40
	2022	40		3	1			36
Rhode Island	2020	1						1
	2021	1						1
	2022	1						1
South Carolina	2020	13		2				11
	2021	11						11
	2022	11		5				6
South Dakota	2020	2						2
	2021	2						2
	2022	2						2
Tennessee	2020	6						6
	2021	6						6
	2022	6		1				5
Texas	2020	2						2
	2021	2		1				1
	2022	1						1
Utah	2020	4						4
	2021	4						4
	2022	4			1			3
Washington	2020	8		1				7
	2021	7		3				4
	2022	4			1			3
West Virginia	2020	19						19
	2021	19						19
	2022	19		1				18
Wisconsin	2020	35						35
	2021	35						35
	2022	35		2				33
Wyoming	2020	1						1
	2021	1						1
	2022	1						1
Totals	2020	886	0	22	6	0	0	858
	2021	858	4	26	8	0	0	828
	2022	828	0	27	12	0	0	789

- (1) The following openings were conversions from another DQ concept or acquisitions of a territory operator's rights in the store franchise agreements: 0 in 2020, 4 in 2021 and 0 in 2022.
- (2) The following closings were conversions to another DQ concept or acquisitions by a territory operator of the store franchise agreements: 3 in 2020, 1 in 2021 and 0 in 2022.

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets
Status of Company-Owned Outlets
For years 2020 to 2022**

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

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Direct-Licensed Outlets
Projected Openings
As of December 31, 2022**

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

The information provided below regarding subfranchised outlets is provided by territory operators and is not independently verified by ADQ.

**Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Subfranchised Territory Operator Outlets
Systemwide Outlet Summary
For Years 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	394	397	3
	2021	397	389	-8
	2022	389	382	-7
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	394	397	3

	2021	397	389	-8
	2022	389	382	-7

Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Subfranchised Territory Operator Outlets

**Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022**

State	Year	Number of Transfers
Arizona	2020	1
	2021	1
	2022	1
Illinois	2020	6
	2021	2
	2022	5
Iowa	2020	0
	2021	1
	2022	1
Minnesota	2020	0
	2021	0
	2022	1
Montana	2020	1
	2021	0
	2022	0
Nevada	2020	1
	2021	1
	2022	1
New Jersey	2020	4
	2021	5
	2022	6
North Carolina	2020	1
	2021	0
	2022	0
Ohio	2020	1
	2021	1
	2022	0
Pennsylvania	2020	1
	2021	3
	2022	3
Wisconsin	2020	1
	2021	0
	2022	0
Total	2020	17
	2021	14
	2022	18

Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Subfranchised Territory Operator Outlets

**Status of Franchised Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2020	34	4					38
	2021	38	1	1				38
	2022	38	1					39
Colorado	2020	1						1
	2021	1						1
	2022	1						1
Florida	2020	15		1				14
	2021	14						14
	2022	14		1				13
Illinois	2020	78						78
	2021	78	1	1				78
	2022	78		1				77
Iowa	2020	26						26
	2021	26						26
	2022	26						26
Massachusetts	2020	3						3
	2021	3						3
	2022	3						3
Minnesota	2020	14						14
	2021	14						14
	2022	14		1				13
Montana	2020	5		1				4
	2021	4		1				3
	2022	3						3
Nebraska	2020	5						5
	2021	5		1				4
	2022	4		1				3
Nevada	2020	10	2					12
	2021	12	1					13
	2022	13						13
New Jersey	2020	67	1					68
	2021	68		2				66
	2022	66		2				64
North Carolina	2020	12					3	9
	2021	9						9
	2022	9						9
North Dakota	2020	5						5
	2021	5						5
	2022	5						5
Ohio	2020	35	1					36
	2021	36		1				35
	2022	35						35
Pennsylvania	2020	48	2	1				49
	2021	49	1	4				46

	2022	46		2				44
South Dakota	2020	3		1				2
	2021	2						2
	2022	2						2
Virginia	2020	30						30
	2021	30		1				29
	2022	29		1				28
Wisconsin	2020	3						3
	2021	3						3
	2022	3						3
Totals	2020	394	10	4	0	0	3	397
	2021	397	4	12	0	0	0	389
	2022	389	1	9	0	0	0	381

- (1) The following openings were conversions from another DQ concept or acquisitions by a territory operator of the store franchise agreements: 0 in 2020, 1 in 2021 and 0 in 2022.
- (2) The following closings were conversions to another DQ concept or acquisitions of a territory operator's rights in the store franchise agreements: 5 in 2020, 4 in 2021 and 1 in 2022.

Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Subfranchised Territory Operator Outlets

Status of Company-Owned Outlets

For years 2020 to 2022

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

Dairy Queen/Limited Brazier, DQ Treat & DQ Soft-Serve Only Subfranchised Territory Operator Outlets

Projected Openings

As Of December 31, 2022⁽¹⁾

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Totals	--	--	--

States not listed in the tables above had no activity of the kind described. Except as noted in this Item, neither ADQ nor any of its affiliates operate any company-owned outlets substantially similar to that offered under this disclosure document. In addition, no person listed in Item 2, their immediate families or any business entities owned by them operate any company-owned outlets.

Exhibit H is a list of all operational DQ Grill & Chill, Dairy Queen/Brazier, DQ Treat and

DQ soft-serve-only outlets in North Carolina, as of December 31, 2022, that were licensed by ADQ or subfranchised by other territory operators.

Exhibit I is a list of all DQ Grill & Chill, Dairy Queen/Brazier, DQ Treat and DQ soft-serve-only licensees of ADQ and subfranchisees of territory operators: who had franchises terminated, canceled or not renewed in 2022; who otherwise voluntarily or involuntarily ceased to do business in 2022; or who had not communicated with ADQ or their territory operators within 10 weeks of the issuance date of this disclosure document. Exhibit I does not include licensees who closed their seasonal restaurants or stores who went from subfranchised to direct-licensed by ADQ in 2022, or licensees with old operating agreements who were not required to pay fees or submit reports to ADQ in 2022.

If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

In some instances, during the last 3 fiscal years, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with ADQ. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you about certain aspects of a dispute or their experience with ADQ.

The Franchise Advisory Council (“FAC”) is sponsored by ADQ. You can reach the organization at 8000 Tower, Suite 700, 8331 Norman Center Drive, Bloomington, MN 55437, ADQ contact: Maria Hokanson, (952) 830-0200, maria.hokanson@idq.com (no website dedicated to council). ADQ also sponsors the Supply Chain Advisory Council (“SCAC”), currently with all members elected by franchisees, although ADQ may appoint an “at large” member. The business address for the SCAC is the same as for the FAC, and the ADQ contact is Scott Muyres, (952) 830-0200, scott.muyres@idq.com (no website dedicated to council).

The following independent franchisee organizations have asked to be included in this disclosure document: Dairy Queen Operators’ Association, Inc., 1719 Lake Drive West, Chanhassen, MN 55317, 952-556-5511, dqoa@dqoa-dqoc.com, website: www.dqoa-dqoc.com; Dairy Queen Operators’ Cooperative, 1719 Lake Drive West, Chanhassen, MN 55317, 952-556-5511, dqoa@dqoa-dqoc.com, website: www.dqoa-dqoc.com; and Texas Dairy Queen Operators’ Council, 2120 Forum Parkway, Bedford, TX 76021, 817-283-2619, lromanus@dqtexas.com, website: www.dqtexas.com; DQ Territory Operators Organization, 606 Wills Road, Connellsville, Pennsylvania 15425, (724) 628-3252, blizzard@zoominternet.net.

Item 21

FINANCIAL STATEMENTS

We and ADQ are independent business organizations and neither is responsible for the financial condition or financial statements of the other. Neither ADQ nor IDQ guarantees our performance to you.

Included as Exhibit J are our audited financial statements for the fiscal years ended February 28, 2021, February 28, 2022, and February 28, 2023. Our fiscal year end is the last day of February.

Exhibit K includes IDQ's audited financial statements for the fiscal years ended December 31, 2020, 2021 and 2022. IDQ's audited financial statements are the consolidated financial statements of IDQ, the parent corporation of ADQ and its other subsidiaries. ADQ's separate financial statements are not included in this disclosure document. IDQ's fiscal year end is December 31.

Item 22

CONTRACTS

This disclosure document includes a sample of the following contracts:

Exhibit B – Operating Agreement and Addenda

Exhibit C – Design Services Agreement

Exhibit D – Draft Authorization Form

Exhibit E – Gift Card Participation Agreement

Item 23

RECEIPTS

Exhibit N includes detachable documents acknowledging your receipt of this disclosure document.

STATE ADDENDUM TO DISCLOSURE DOCUMENT FOR VIRGINIA

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for enforcing franchise disclosure/registration laws, and state agencies serving as our agents for service of process if we are registered under the franchise disclosure/registration laws of their states.

In states and territories not listed, we do not have agents for service of process under franchise disclosure/registration laws, but we may have agents for service of process for other purposes.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance 124 South Euclid, Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9051 and Matt Dunham c/o Dairy Queen of VA., Inc. 12020 Wyndham Lake Drive Glen Allen, VA. 23059-7041
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

Operating Agreement and Addenda

OPERATING AGREEMENT

Store #

Authorized Location:

Street

City

State

Zip Code

Type of Store or Restaurant

Licensee:

("Licensee")

Effective Date:

(to be completed by Territory Operator)

Expiration Date:

(to be completed by Territory Operator)

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OPERATING AGREEMENT

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RIDER TO OPERATING AGREEMENT FOR USE IN VIRGINIA

Addenda

Undertaking and Guarantee Addendum
 Ownership and Management Addendum
 Commencement And Expiration Dates Addendum
 Additional Restaurant Development Program Addendum
 Lease Addendum
 Conversion Addendum

OPERATING AGREEMENT

This Operating Agreement ("Agreement") is entered into this _____ day of _____, _____, between Dairy Queen of Virginia, Inc., at 12020 Wyndham Lake Drive, Glen Allen, Virginia 23059-7041 (herein referred to as "Territory Operator"), and _____ of the city of _____, county of _____ and state of _____ (the "Licensee," as listed on the cover page to this Agreement), as of the Effective Date.

Background

American Dairy Queen Corporation (herein referred to as "Company") and its predecessors and affiliates have expended considerable time, effort, skill and financial resources in developing the "System" (as defined in Section 16); and,

Company owns or licenses from its affiliates the "Trademarks" (as defined in Section 16), including the DQ Grill & Chill, DQ, and Dairy Queen trademarks and other trademarks used in connection with the System; and,

Territory Operator is a licensee of Company in certain geographical areas, including the territory which includes the Authorized Location and is authorized to enter into sublicense agreements pursuant to that certain Dairy Queen® Territory Agreement (herein referred to as "Territory Agreement") and other agreements entered into by and between Territory Operator and Company; and,

Territory Operator's sublicense rights include the right to sublicense others, in accordance with the terms of the Territory Agreement, to use certain of the Trademarks in connection with the System; and

Licensee desires to obtain the right to develop and operate one "Restaurant" (as defined in Section 16) using the System; and

Territory Operator is willing to grant Licensee the authority to develop and operate a Restaurant at the Authorized Location, but solely under the terms and conditions set forth herein which Territory Operator and Company believe necessary in order to protect the valuable Trademarks; and

Licensee acknowledges that such terms and conditions are necessary and/or appropriate in order to protect the Trademarks and the goodwill associated therewith, and Licensee is willing to operate a Restaurant pursuant to such terms and conditions.

THEREFORE, the parties agree as follows:

Terms and Conditions

1. CAPITALIZED TERMS. Capitalized terms have the definitions given them in Section 16.

2. GRANT OF LICENSE.

2.1 Authorized Location. Subject to the terms and conditions of this Agreement, Territory Operator grants to Licensee the right and license to establish and operate a retail Restaurant identified by the Trademarks authorized for use by Licensee under this Agreement at the Authorized Location. In the event Licensee requests the withdrawal of Licensee's franchise application after Territory Operator has approved the application, or in the event an Authorized Location is not designated on the date Licensee signs this Agreement and is not designated by Licensee and approved by Territory Operator within 90 days after the date Territory Operator approves Licensee's franchise application, or in the event Licensee does not cause the Restaurant to be under construction within 180 days after the date the Authorized Location is designated, Territory Operator has the right to declare this Agreement and any other agreements Licensee has signed with Territory Operator null and void without giving Licensee an opportunity to cure, and to return to Licensee all deposits, including the initial franchise fee, after deducting a cancellation fee of \$10,000 or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit, whichever is greater. Licensee accepts this license and agrees to operate the Restaurant in compliance with the System, this Agreement and Territory Operator's and Company's standards. Licensee further agrees that Licensee shall cause the Restaurant to be open and operating within 270 days after the date the Authorized Location is designated, unless an extension of time is authorized in writing by Territory Operator, and thereafter to be maintained and operated at the Authorized Location under Licensee's active and continuous supervision and management in accordance with Territory Operator's and Company's standards.

2.2 Pre-Opening Requirements. While this Agreement becomes effective in accordance with Section 15.16 hereof, Licensee acknowledges and agrees that the license to use the Trademarks that is granted under this Agreement is not effective and Licensee does not have the right to, and shall not, open or commence operation of the Restaurant at the Authorized Location until Territory Operator notifies Licensee that Company has consented to the Agreement and Licensee has satisfied all of the pre-opening requirements in this Agreement. Neither Territory Operator nor Company shall be liable for any damages arising out of Licensee's failure to open the Restaurant by a particular date.

2.3 Limited License. The license granted by this Agreement is limited to the right to operate one Restaurant at the Authorized Location, and does not include:

- (A) An exclusive area or protected territory within which Territory Operator, Company or their affiliates agree not to issue competing franchises or subfranchises, or operate competing businesses,
- (B) Any right to sell or distribute products and menu items identified by the Trademarks at any location other than the Authorized Location, or through any other distribution channels or methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, third party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, or pre-packaged retail sales,
- (C) Any right to sell or distribute products and menu items identified by the Trademarks to any person or entity for resale or further distribution, or

- (D) Any right to sublicense, exclude, control or impose conditions on the location or development of future DQ stores or restaurants.

2.4 Reservation of Rights. Territory Operator reserves all rights not expressly granted to Licensee under this Agreement. Territory Operator and its affiliates and Company and its affiliates, with Territory Operator's prior approval, have the right to operate and grant others the right to issue competing franchises or subfranchises, or operate competing businesses at any location but the Authorized Location, as determined by Territory Operator, Company or their affiliates. These locations may include freestanding buildings and facilities, strip centers, shopping malls and shopping centers, and other similar locations. These locations also may include office buildings, transportation terminals, sports facilities, parks and recreation areas, airports, hotels, hospitals, campus facilities, and other non-traditional locations. For example, if Licensee's Authorized Location is located adjacent to a shopping mall or shopping center, these locations include the shopping mall or shopping center. If Licensee's Authorized Location is located within a shopping mall or shopping center, these locations include sites adjacent to the shopping mall or shopping center. In addition, Territory Operator and its affiliates and Company and its affiliates with Territory Operator's prior approval, have the right to sell or distribute, for themselves or through designees, products and services identified by the Trademarks, or any other trademarks, service marks, trade names and commercial symbols, through any distribution channels or methods, including the internet (or any other existing or future form of electronic commerce, such as social media, mobile applications, third party platforms, and the metaverse), catalog sales, telemarketing or other direct marketing, and pre-packaged retail sales.

3. TRADEMARK STANDARDS AND REQUIREMENTS. The Trademarks are the exclusive property of Company or its affiliates and Licensee's right to use the Trademarks is conditioned on the following terms:

3.1 Trademark Ownership. Territory Operator is the licensee of the right to use certain of the Trademarks in the territory that includes the Authorized Location. The Trademarks are valuable property owned or licensed by Company, and Company or its affiliates are the exclusive owners of all right, title and interest in and to the Trademarks. Licensee's use of the Trademarks inures to the benefit of Company or its affiliates. Licensee disclaims all right, title and interest in or to the goodwill and the Trademarks and agrees that the goodwill and Trademarks are the exclusive property of Company or its affiliates. Licensee will not, during or after the term of this Agreement, engage in any direct or indirect conduct that would infringe upon, harm or contest the rights of Company or its affiliates in any of the Trademarks or the goodwill associated with the Trademarks.

3.2 Trademark Use. Licensee only may use the Trademarks in connection with the Restaurant, and must not use or permit the use of any other trademarks, trade names or service marks. Licensee must use the Trademarks, in the form and manner prescribed by Company in writing, only in connection with the products and services specified or approved periodically by Company that meet Company's standards of quality, mode and condition of storage, production and sale, and portion and packaging. Licensee must comply with all trademark, trade name and service mark notice marking requirements. Licensee acknowledges the value of System uniformity and agrees that Licensee's failure to comply with the System will adversely affect the value of the Trademarks.

3.3 Restaurant Identification.

- (A) Licensee must not use any of the Trademarks as part of its business entity name.
- (B) Licensee must prominently identify the Restaurant with 1 or more of the Trademarks as specified by Territory Operator or Company, and with no other mark or words as the trade name of the Restaurant, unless Territory Operator or Company otherwise directs.
- (C) Licensee cannot use any additional words with the Trademarks without Territory Operator's and Company's prior written consent.
- (D) Licensee may use the Trademarks on various materials, such as business cards, stationery and checks, on the condition that Licensee:
 - (1) Accurately depicts the Trademarks on the materials;
 - (2) Includes a statement on the materials indicating that the business is independently owned and operated by Licensee; and
 - (3) Makes available to Territory Operator or Company, upon request, a copy of any materials depicting the Trademarks.
- (E) Licensee must post a prominent sign in the Restaurant identifying Licensee as a franchisee of Company in a format reasonably acceptable to Territory Operator and Company, which includes an acknowledgment that the Restaurant is independently owned and operated by Licensee and the Trademarks are owned by Company or its affiliates and used by Licensee under a license issued by Territory Operator.

3.4 Restrictions on Internet and Website Use. Territory Operator and Company retain the sole right to advertise the System on the internet and to create, operate, maintain and modify, or discontinue the use of, websites using the Trademarks. Licensee has the right to access Territory Operator's and Company's websites. Except as Territory Operator or Company may authorize in writing, however, Licensee will not: (1) link or frame Territory Operator's or Company's websites; (2) conduct any business or offer to sell or advertise any products or services on the internet (or any other existing or future form of electronic communication); and (3) create or register any internet domain name in connection with the Restaurant. Licensee will not register, as internet domain names, any of the Trademarks now or hereafter owned by Company or any abbreviation, acronym or variation of the Trademarks, or any other name that could be deemed confusingly similar.

3.5 Trademark Litigation. In the event any person or entity improperly uses or infringes the Trademarks, Company or its affiliates who own the Trademarks will control all litigation and determine whether to institute, prosecute or settle a suit, the terms of settlement, and whether to take any other action. Licensee must promptly notify Territory Operator and Company of any improper use or infringement of which Licensee is aware, promptly inform Territory Operator and Company of any claim arising out of Licensee's use of any Trademark and cooperate with any action undertaken by Company in response.

3.6 Substitutions. If a party claims superior rights to use any of the Trademarks, and if Territory Operator and Company determine that the claim is legally meritorious, then upon

receiving written notice from Territory Operator and/or Company, Licensee will, at its expense, immediately make such changes and use such substitutions to the Trademarks as Territory Operator and Company require.

4. TERM AND RENEWAL.

4.1 Term. The term of this Agreement starts on the earlier of: (i) the Effective Date of this Agreement, or (ii) the date Licensee opens or commences operation of the Restaurant. Unless earlier terminated under Section 13, the term of this Agreement runs 20 years, or the term of the lease of the Restaurant premises, whichever is shorter. Licensee acknowledges and agrees, however, that Territory Operator may modify the commencement and expiration dates of the term of this Agreement by means of the Commencement and Expiration Dates Addendum in order to take into account any time between the Effective Date and the opening of the Restaurant or the commencement and expiration dates of any lease for the Restaurant premises.

4.2 Expiration Date. Territory Operator will designate the expiration date of this Agreement on the cover page.

4.3 Renewal. If the following conditions are met, Licensee may renew its license for one additional renewal term, which will be the shorter of 10 years, the initial term of the renewed lease or the period that Licensee has the right to maintain possession of the Restaurant premises, provided that:

- (A) Licensee gives Territory Operator written notice of its intent to renew between 3 and 6 months before the expiration of the term;
- (B) Licensee signs Territory Operator's then-current form of operating agreement (which will be modified to reflect that it is for a renewal term with no additional renewal rights). The terms of the then-current operating agreement may differ materially from this Agreement, including higher or additional fees;
- (C) Licensee has complied with the modernization and replacement provisions of Section 5.5;
- (D) Licensee is in good standing, including without limitation, that Licensee has satisfied all monetary obligations on a timely basis, and does not have a history of substantial noncompliance with the System or this Agreement;
- (E) Licensee has the right to maintain possession of the Restaurant premises, and has provided written proof of its ability to remain in possession of the premises throughout the renewal period if leasing or subleasing;
- (F) Licensee pays to Territory Operator a non-refundable license renewal fee in the amount of \$2,500; and
- (G) Licensee and each Principal Owner sign a general release, in a form acceptable to Territory Operator, of all claims against Territory Operator, Company, and their respective affiliates, officers, directors, employees and agents; and
- (H) Territory Operator approves the location where the Restaurant will be operated during the renewal period.

5. FACILITY STANDARDS AND MAINTENANCE. Territory Operator and Company may periodically establish quality standards regarding the business operations of DQ stores and restaurants to protect the distinction, goodwill, uniformity and quality symbolized by the Trademarks and System. Accordingly, Licensee must maintain and comply with Territory Operator's and Company's quality standards and abide by the following conditions:

5.1 Restaurant Facility. The Restaurant must be constructed and equipped in accordance with Territory Operator's and Company's then-current specifications and standards pertaining to equipment, inventory, signage, fixtures, location, accessory features and design and layout of the Restaurant. Licensee must not commence construction of the Restaurant, or purchase or lease a location for the development of the Restaurant, until Territory Operator has given written consent to Licensee's building plans and the location. Licensee must complete the construction of the Restaurant in accordance with the approved building plans and otherwise satisfy all building plan and site work requirements without any unauthorized alterations. If Licensee enters into a lease for the Restaurant premises, Licensee's lease must contain the Lease Addendum. Licensee must provide the lease and all lease exhibits to Territory Operator and receive Territory Operator's prior approval of the lease before Licensee executes it. Licensee must provide the executed lease and all lease exhibits to Territory Operator within 5 days of its execution. Licensee must obtain all necessary permits, licenses and architectural seals, and in all other respects comply with applicable legal requirements relating to the building, signs, equipment and premises, including the Americans With Disabilities Act. Territory Operator and Company's consent to building plans or a site does not guarantee compliance with any legal requirements or the Restaurant's success at that site. Licensee will be furnished with lists of required and approved equipment, signage, fixtures and furnishings. Licensee must not use the Restaurant premises or Authorized Location for any purpose other than the operation of the Restaurant during the term of this Agreement. After the expiration or termination of this Agreement, Licensee must not use the Restaurant premises or Authorized Location in violation of Section 14.6.

5.2 Future Alteration. Any replacement, reconstruction, addition or modification in the building, premises, interior or exterior decor or image, equipment or signage of the Restaurant to be made after Territory Operator's consent is granted for initial plans, whether at the request of Licensee or of Territory Operator or Company, must be made in accordance with Territory Operator's and Company's then-current standards. Licensee must not commence any replacement, reconstruction, addition or modification until Licensee has received Territory Operator's written consent to Licensee's revised building plans. Company owns any alterations or improvements made by or on behalf of Licensee to the building plans.

5.3 Maintenance. Licensee must maintain the building, premises, grounds, equipment and signage used in the operation of the Restaurant in good condition and in accordance with requirements established periodically by Territory Operator and/or Company, and any reasonable schedules prepared by Territory Operator based upon periodic evaluations of the premises by Territory Operator's representatives. Within 90 days after the receipt of a report based on an evaluation, Licensee must effect the items of maintenance designated in the report, including the repair of defective items or the replacement of irreparable or obsolete items of equipment and signage.

5.4 Relocation. If it becomes necessary to replace or relocate the Restaurant because of the condemnation of the Authorized Location, the exercise of a replacement or relocation right by

Licensee's landlord, or for some other reason approved by Territory Operator, then Territory Operator will grant Licensee authority to replace or relocate upon the following conditions:

- (A) The new location must be:
 - (1) Acceptable to Territory Operator;
 - (2) Reasonably suited for a Restaurant;
 - (3) In a location that is consistent with Territory Operator's current site selection guidelines; and
 - (4) If the Restaurant is a Captive-Venue Location, within the same building or venue as the Authorized Location, or if the Restaurant is a Street Location, within a 500 meter radius of the Authorized Location.
- (B) After Licensee discontinues operation of the Restaurant at the Authorized Location, the new Restaurant must be under construction within 30 days if a Captive-Venue Location, or 180 days if a Street Location.
- (C) After construction commences, the new Restaurant must be open and operating within 90 days if a Captive-Venue Location, or 120 days if a Street Location.
- (D) The new Restaurant must be constructed and equipped in accordance with Territory Operator's and Company's then-current standards.

5.5 Modernization or Replacement. Licensee must modernize, refurbish or replace the building, premises, equipment, signage and grounds as is necessary to reasonably conform them to Territory Operator's and Company's then-current standards for similarly situated new DQ stores or restaurants of the type developed under this Agreement, upon renewal of this Agreement, upon transfer of this Agreement under the circumstances described in Section 11, and every 10 years or any shorter period required by the lease for the premises. The requirements of this Section 5.5 are reasonable and necessary to ensure continued public acceptance and patronage of DQ stores and restaurants and to avoid deterioration or obsolescence in connection with the operation of the business.

5.6 Lease. To the extent that Territory Operator or Company assists Licensee with any lease negotiations, Licensee acknowledges that Territory Operator, Company or an affiliate:

- (A) has not made any representations or warranties to Licensee with respect to whether Territory Operator's, Company's or their respective affiliate's negotiation with the landlord will be successful, whether the lease terms or site are adequate or appropriate, nor that the Authorized Location will be ready for occupancy or opening by any specified date; and
- (B) is not responsible or liable to Licensee for damages arising out of any failure by Territory Operator, Company, or their respective affiliates, to obtain the landlord's agreement to enter into a lease, the landlord's failure to enter into a lease with Licensee, or for the failure of the Authorized Location to be ready for occupancy or opening by any specified date.

6. PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS.

6.1 Menu. The Restaurant is limited to the preparation and sale of products periodically designated and approved by Company for sale by Licensee's type of Restaurant. Licensee must offer for sale from the Restaurant all items listed on the Menu and no other items. To the fullest extent the law allows, Territory Operator or Company may require Licensee to offer items on the Menu at maximum, minimum or other prices Territory Operator or Company specifies from time to time. Company may periodically make modifications to the Menu, including the addition of breakfast items if agreed to by Territory Operator, and Licensee must comply with any modifications. Licensee must not offer or sell any other product or service at the Restaurant without the prior written consent of Territory Operator and Company.

6.2 Authorized Ingredients and Supplies. Licensee must use in the operation of the Restaurant and in the preparation of products only the ingredients, recipes, formulas and supplies specified by Company. Licensee must prepare products in the portions, sizes, appearance and packaging as specified by Company in the Operations Manuals or otherwise communicated in writing. Licensee must secure, at its expense, all necessary permits or approvals for the use and sale of all products, supplies and ingredients in and from the Restaurant. All supplies, including cones, cups, containers, eating utensils, and napkins, and all other customer service materials of all descriptions and types must meet the reasonable standards of uniformity and quality standards as now or hereafter are set by Company.

6.3 Powders. The Powders are secret formulas. Their composition or formula will not be, and is not required to be, disclosed to Licensee. Licensee must not resell (at retail or otherwise), make, manufacture, alter, adulterate or dilute the Powders, or any substitute for the Powders, or similar products and must maintain in secrecy any information it acquires about the Powders. Company may refer to the Powders by other terms, including compounds. Licensee must purchase exclusively from Company's designated supplier (which may be Company or an affiliate) the Powders and frozen orange juice concentrate used in Orange Julius® products.

6.4 Approved Products, Services and Equipment.

- (A) Company periodically will publish lists of approved products (including ingredients of approved products), approved services and approved equipment (including an approved menu board system (dine in and drive-thru, if applicable)). Licensee must use only the approved products, approved services and approved equipment in the Restaurant described in the approved products, services and equipment lists, as they may be modified periodically by Company. Licensee may not test, offer, or sell any new or unapproved products without Territory Operator's and Company's prior written consent.
- (B) **Although they may be approved by Company, Territory Operator and Company make no warranties and expressly disclaim all warranties, including warranties of merchantability and fitness for a particular purpose, with respect to products (including ingredients), services, equipment (including the EPOS System), any required Computer Systems, and any menu board system, supplies, fixtures, furnishing, or other approved items.**

- (C) Company has the right to approve the manufacturer, supplier and/or distributor of any approved products (or the ingredients of any approved products), approved services and any approved equipment. Under all circumstances, Company has the right to designate a single approved manufacturer, supplier and/or distributor of:
- (1) Soft drink products;
 - (2) Third-party branded products for use in Licensee's Restaurant;
 - (3) Products relating to limited time offers and special promotions;
 - (4) Equipment, including the EPOS System and the Computer Systems and all related software and back-office hardware and software;
 - (5) Any product, ingredient, service or equipment where Company does not receive any fee or payment with respect to the sale of that product, ingredient, service or equipment, other than payments from suppliers for marketing; and
 - (6) The Powders and frozen orange juice concentrate.
- (D) Company has the right to designate a single approved manufacturer, supplier and/or distributor of any other approved products (or the ingredients of any approved products), approved services and any approved equipment but for products, services and equipment not described in Sections 6.4(C) (1) – (6), and as long as there is not in place an agreement for a unified purchasing program between Company and a cooperative association of DQ[®] restaurant and store operators to benefit the entire Franchise System in the United States, Licensee may make written request for approval of a specific product, service or piece of equipment of an additional, qualified manufacturer, supplier or alternate distributor, pursuant to Company's then-current policies and procedures.

6.5 EPOS System, Computer Systems and Internet.

(A) EPOS System and Computer System. Licensee must purchase, install and maintain, at its own expense, an EPOS System and Computer Systems from a source or sources designated by Company. Company may designate a single source from whom Licensee must purchase the EPOS System or Computer Systems, and any components thereof or associated service. As part of the EPOS System or Computer Systems, Licensee may be required to license software from Company, an affiliate or a third party, and Licensee also may be required to enter into license agreements related to Licensee's use of components of the EPOS System or Computer Systems. Licensee will be required to use and, at Company's discretion, pay for all future updates, supplements and modifications to the EPOS System or Computer Systems. Licensee must allow Territory Operator and Company access to Licensee's EPOS System and the Computer Systems, and the data and information they collect and store, at such times and in such a manner as Territory Operator or Company periodically designates. Licensee must keep all financial information and customer data produced by or otherwise located on Licensee's EPOS System or Computer Systems secure at all times. To the extent

that the EPOS System or Computer Systems contain components for personnel-related functions, such as employee timekeeping, employee scheduling or payroll processing, Licensee has the option to use those components, to use alternate software to handle those functions or to handle those functions in any other manner that Licensee chooses.

(B) Internet Access. Licensee must have access at all times to the internet (or future form of electronic communication) at the Restaurant through an established service provider. Licensee must purchase, install and maintain a minimum of one DSL or cable/broadband internet connection and (if required by Territory Operator or Company) one additional phone line or other future required communication access device that are exclusively designated and permanently connected to the EPOS System and any required Computer Systems. If the Restaurant is in an area without DSL or cable/broadband internet access, Territory Operator or Company may require Licensee to install either a satellite connection, up to three additional phone lines, or any other communication access device or devices necessary to enable Territory Operator or Company to communicate with the Restaurant on the same basis as with other newly built locations. Territory Operator or Company may designate the specifications of any future required communication access device or method.

(C) Electronic Communication. Licensee must maintain and regularly use an active email account or other form of electronic communication designated by Territory Operator or Company and keep Territory Operator and Company informed of Licensee's contact information.

6.6 Vending, Gaming, Alcohol and Smoking. Licensee must not permit the following on the Restaurant premises:

- (A) Video game machines, vending machines or any similar coin-operated or electronic device or machine;
- (B) The sale, distribution or use of lottery or gambling devices of any nature, alcoholic or intoxicating beverages or controlled substances.
- (C) Smoking, and Licensee must post signs on all doors and throughout the Restaurant to announce the smoke-free policy.

6.7 Health and Sanitation. The Restaurant must be operated and maintained at all times in compliance with all applicable health and sanitation standards prescribed by governmental authority. Licensee also must comply with any higher standards that Territory Operator or Company prescribes. In addition, if the Restaurant is subject to any sanitation, health or safety inspection by any governmental agency under which it may be rated in one or more classifications, it must be maintained and operated so as to be rated in the highest available health and sanitation classification by the inspecting governmental agency. If Licensee fails to be rated in the highest classification or receives any notice that it is not in compliance with all applicable health and sanitation standards, it must immediately notify Territory Operator of the failure or noncompliance and resolve all non-compliant issues.

6.8 Evaluations. Territory Operator, Company or an authorized representative of either may enter the Restaurant at any time during the business day to:

- (A) Make periodic evaluations and to ascertain compliance with this Agreement;
- (B) Inspect and evaluate Licensee's Restaurant, building, land and equipment;
- (C) Test, sample, inspect and evaluate Licensee's supplies, ingredients and products, and the storage, preparation and formulation of these items; and
- (D) Inspect and evaluate the conditions of sanitation and cleanliness in the storage, production, handling and serving of Licensee's supplies, ingredients and products.

Any feedback, coaching or recommendations given by Territory Operator, Company or an authorized representative of either to any personnel of the Restaurant during any evaluation will be informational and non-mandatory, but Licensee acknowledges that it may be required to communicate with, give instructions to, train or retrain those personnel during or after the inspection in order to bring the operation of the Restaurant into compliance with the System.

6.9 Period of Operation.

(A) Open to the Public. Subject to any contrary requirements of local law, the Restaurant must be open to the public and operated at least 12 hours each day of the year; with the exception of New Year's Day, Easter Day, Thanksgiving Day and Christmas Day. Any variance must be authorized in writing by Territory Operator. However, if the Restaurant is in a Captive-Venue Location that sets operating hours, then the Restaurant must only be open during the required operating hours of that Captive-Venue Location. If Territory Operator and Company have required Licensee to offer breakfast items at the Restaurant (as described in Section 6.1) then, subject to any contrary requirements of local law, Territory Operator may require the Restaurant to be open to the public and operated for more than 12 hours each day of the year to accommodate the offer and sale of the breakfast items.

(B) Voluntary Abandonment. If Licensee voluntarily abandons the franchise, in addition to the other remedies provided for in this Agreement, Territory Operator may terminate this Agreement under Section 13.2(C). The following events constitute voluntary abandonment:

- (1) The Restaurant is closed for 5 consecutive days or more without Territory Operator's prior written consent.
- (2) Failure to commence construction of the Restaurant within 180 days after the Effective Date. If Territory Operator terminates the Agreement under this subsection, then all deposits, including the initial franchise fee, will be returned to Licensee minus the greater of a \$10,000 cancellation fee or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit.

- (3) Failure to open and operate the Restaurant within 270 days after the Effective Date, unless an extension of time is authorized in writing by Territory Operator.

(C) Damage or Destruction. If the Restaurant is damaged or destroyed, Licensee must rebuild or repair the damaged or destroyed Restaurant at the Authorized Location in accordance with Territory Operator's and Company's then-current standards and specifications. If the Restaurant is closed during rebuilding or repair, then the rebuilt or repaired Restaurant must open within 120 days (if a Captive-Venue Location) or 270 days (if a Street Location) of the date of occurrence of its damage or destruction.

6.10 Operating Procedures. Licensee must comply with Territory Operator's and Company's mandatory standards, designs, specifications, menu items, recipes, techniques, procedures, methods, requirements, formats and management systems (sometimes collectively referenced in this Agreement as "standards") in the Operations Manuals relating to the development and operation of the Restaurant, including standards relating to functions such as product preparation, storage, uniforms, financial management, equipment, facility maintenance and sanitation. Licensee must promptly notify Territory Operator of any claim or litigation in which Licensee is involved that arises from the development or operation of the Restaurant.

6.11 Operations Manuals. Territory Operator and Company will provide on loan to Licensee, during the term of this Agreement, a hard copy or electronic or online access to the Operations Manuals. The Operations Manuals contain the standards, non-mandatory guidelines and recommendations from Territory Operator and Company, and other information relating to the development and operation of DQ stores and restaurants. The standards exist for the purpose of protecting Territory Operator's and Company's interests in the System and the Trademarks, and creating a uniform and quality customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Licensee. Territory Operator and Company may add to, and otherwise modify, the Operations Manuals to reflect changes in the standards. Territory Operator will provide Licensee with notification of any additions and modifications to the Operations Manuals. The master copies of the Operations Manuals that Territory Operator maintains at its principal office or on its website will control if there is a dispute involving the contents of the Operations Manuals.

6.12 Proprietary or Confidential Information.

(A) Use and Restrictions. Licensee does not acquire any interest in Confidential Information, other than the right to use it in developing and operating the Restaurant under this Agreement. The use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. The Confidential Information is proprietary and is Company's trade secret. Licensee will:

- (1) not use the Confidential Information in any other business or capacity;
- (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

- (3) not make unauthorized copies of any Confidential Information disclosed in written form;
- (4) adopt and implement all reasonable procedures Territory Operator and Company direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Restaurant personnel;
- (5) not reverse engineer, decompile or disassemble any of Company's proprietary products, formulas, ingredients, or software; and
- (6) ensure that all Owners, the Designated Manager, the Assistant Managers and any other personnel with access to Confidential Information abide by the confidentiality obligations in this Agreement.

(B) Compelled Disclosure. The restrictions on Licensee's disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent Licensee is legally compelled to disclose this information, if Licensee uses its best efforts to maintain the confidential treatment of the Confidential Information, and provides Territory Operator and/or Company the opportunity to obtain an appropriate protective order or other assurance satisfactory to Territory Operator and Company of confidential treatment for the information required to be disclosed.

6.13 Improvements. If Licensee, its Owners, or Licensee's personnel or agents, conceive or develop any ideas, concepts, products, recipes, process methods, techniques, improvements or additions relating to the development or operation of a DQ store or restaurant or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Restaurant, then:

- (A) Licensee must fully and promptly disclose these to Territory Operator and Company;
- (B) they are Company's property, and Licensee, its Owners, and Licensee's personnel and agents, must sign all documents necessary to evidence the assignment of these items to Company without compensation;
- (C) Company has the perpetual right to use and authorize others to use these items without any obligation to Licensee for royalties or other fees; and
- (D) Licensee must not introduce into the Restaurant any of these additions or modifications to the System without Company's prior written consent.

6.14 Web Site and Other Online Communication. Territory Operator and Company may require Licensee, at Licensee's expense, to participate in web sites or other online communication methods (collectively "online communication") that Territory Operator or Company sponsors or that are branded with any of the Trademarks. Territory Operator and Company will determine the content and use of online communication and will establish the rules under which licensees generally, or Licensees in particular, must participate. Territory Operator and Company retain all rights relating to any online communication and may alter or terminate any online communication at any time. Licensee's general conduct on any online communication is subject to this Agreement.

Licensee's access codes, identification codes and information Licensee receives through access to Territory Operator's and Company's web sites are considered Confidential Information. Licensee's right to participate in online communication or otherwise use the Trademarks or the System on the internet, terminates when this Agreement expires or terminates.

6.15 Payment Methods. Licensee must allow its customers to pay for products by credit card, gift card, or other means or method of payment (electronic or otherwise) that Company periodically designates. Licensee must purchase and maintain, at its own expense, a subscription or other service contracts necessary to facilitate payment by any means or method of payment designated by Company, and Territory Operator or Company may require Licensee to pay an operational program fee as described in Section 9.4 in connection with a method of payment. Company has designated a single supplier to administer and support all aspects of the Company's gift card program. Licensee must sign the form of gift card participation agreement designated periodically by Company.

6.16 Data Security. Licensee must comply with the Payment Card Industry (PCI) Data Security Standards and all other applicable data security standards.

7. PERSONNEL AND SUPERVISION STANDARDS.

7.1 Pre-Opening Training. Licensee, at its own expense, must comply with all of Territory Operator's and Company's pre-opening training requirements for the Restaurant within 6 months prior to the Restaurant opening. If Licensee fails to comply with Territory Operator's and Company's pre-opening training requirements to Territory Operator's and Company's reasonable satisfaction, Licensee cannot open or operate the Restaurant.

7.2 Ongoing Training. Licensee and its personnel must meet Territory Operator's and Company's ongoing training requirements at Licensee's expense.

7.3 Training Upon Default. If Licensee is in default regarding any standard in the Operations Manuals, Licensee may be required to comply with additional training requirements prescribed by Territory Operator and/or Company at Licensee's expense, as a condition of curing the default.

7.4 In-Restaurant Training Program. Territory Operator or Company may periodically make available, or provide electronic or other form of access, to Licensee an in-restaurant or in-store training program at Licensee's expense. Licensee may purchase Territory Operator's or Company's in-restaurant or in-store training program and any updates for training employees.

7.5 Supervision. Licensee must maintain and operate the Restaurant at the Authorized Location under Licensee's active and continuous supervision in compliance with the System, on the terms of this Agreement. Licensee must have a Designated Manager. If Licensee operates a DQ/Dairy Queen or DQ/Orange Julius store, in addition to the Designated Manager, Licensee must have at least one Assistant Manager for the Restaurant at all times that has successfully completed all training required by Territory Operator prior to starting any management duties. If Licensee operates a DQ Grill & Chill restaurant, Licensee must have at least two Assistant Managers for the Restaurant at all times that have successfully completed all training required by Territory Operator prior to starting any management duties. Any new or replacement Designated Manager or Assistant Manager must meet Territory Operator's and Company's then-current training requirements.

7.6 Staffing. Licensee must require all Restaurant personnel to work in clean uniforms approved by Territory Operator and Company, at Licensee's or at the employee's, independent contractor's or agent's cost, at Licensee's election. No employee or agent of Licensee will be deemed an employee or agent of Territory Operator or Company for any purpose whatsoever. Licensee has sole responsibility for recruiting, interviewing and hiring all Restaurant employees, and for making all decisions respecting Restaurant employees, including all decisions affecting terms of employment, compensation, scheduling, benefits, disciplining and firing, without any influence or advice from Territory Operator or Company. Licensee agrees to implement training programs for Restaurant personnel in compliance with Territory Operator's and Company's requirements. Licensee agrees to maintain at all times a staff of trained personnel sufficient to operate the Restaurant in compliance with Territory Operator's and Company's standards.

7.7 Attendance at Meetings. The Controlling Owner must, at Licensee's expense, attend all meetings Territory Operator or Company holds or sponsors in Licensee's area or region including, all Designated Market Area or other marketing area meetings for the marketing area in which the Restaurant is located, and all meetings related to new products or product preparation procedures, new System programs, new operational procedures or programs, training, store or restaurant management, financial management, sales or sales promotion, or similar topics. If the Controlling Owner is unable to attend a meeting, Licensee must notify Territory Operator and Company prior to the meeting and cause a substitute person from Licensee's operations acceptable to Territory Operator and Company to attend and represent Licensee at the meeting. Territory Operator strongly recommends that key personnel of Licensee also attend the meetings described in this section.

7.8 Cost of Training and Meetings. Licensee is responsible for any applicable tuition or fee, the salaries, wages, benefits, travel and living expenses, and other related costs for all individuals affiliated with Licensee and the Restaurant who attend any initial training, ongoing training, other training and meetings described in this Section 7.

7.9 Opening Assistance. If this Agreement relates to the opening of Licensee's first Restaurant or first Grill & Chill® Restaurant (although not Licensee's first Restaurant), Territory Operator will provide Licensee with on-site opening assistance for a length of time deemed necessary by Territory Operator, subject to staff availability. The cost of such assistance will be included as part of any initial franchise fee paid by Licensee.

8. SALES PROMOTION ACTIVITIES.

Licensee will actively promote the Restaurant, abide by Territory Operator's and Company's advertising requirements, and comply with the following provisions:

8.1 Sales Promotion Activities and Fees. Territory Operator and Company may periodically establish, organize, and prescribe sales promotion activities, and Licensee must pay to Territory Operator for partial or full remittance to Company or Company's designee the sales promotion program fee in Section 9.3 regardless of whether other Territory Operator or Company licensees pay greater, lesser, or no sales promotion program fees. Territory Operator and Company have the sole right to determine how the sales promotion program fees will be spent, including the selection of promotional materials and activities. Territory Operator, Company, and their respective affiliates, have no fiduciary obligation to DQ licensees with respect to the sales promotion activities or expenditures of sales promotion program fees. The sales promotion

program fees are not held by Territory Operator or Company in trust. Territory Operator and Company will make a good faith effort to expend the fees in the general best interests of the DQ® brand or the System (or one or more components thereof). Territory Operator and/or Company will make available upon request the sales promotion activities receipts and expenditures from the fees collected. Neither Territory Operator nor Company is required to audit the sales promotion receipts and expenditures.

8.2 Administrative Expenses. Territory Operator and Company may use a portion of the sales promotion program fees to compensate themselves or their affiliates for the expense of administering and promoting sales promotion activities.

8.3 Approved Materials. Licensee must only use the sales promotion or other advertising materials that Territory Operator or Company furnishes or makes available to Licensee, or that Territory Operator and Company approve for use in Licensee's sales promotion activities.

(A) Territory Operator and Company Provided Materials.

- (1) Territory Operator and/or Company may periodically make available sales promotion or other advertising materials to Licensee at a reasonable cost. Licensee must purchase these materials; however, Company may at its option periodically include the cost of these materials in the sales promotion program fee paid under Section 9.3.
- (2) Licensee cannot transfer sales promotion or advertising materials that Territory Operator or Company furnish or make available to Licensee to any third party or allow a third party to use them. Sales promotion and other advertising materials produced by the national marketing fund ("NMF") administered by Company are licensed only to current NMF participating DQ stores and restaurants, and may not be transferred to or used in any way by or in non-NMF participating DQ stores and restaurants.

(B) Licensee Developed Materials. Licensee must submit all sales promotion or other advertising materials developed by Licensee to Territory Operator and/or Company for Territory Operator's and/or Company's written approval prior to use.

- (1) Examples of sales promotion or advertising materials that Territory Operator and/or Company must approve include menu board transparencies, counter mats, counter mat inserts, posters, billboard paper or vinyl, newspaper inserts, lawn signs, banners, menu board or register toppers, window clings, cake freezer merchandising, stanchions/display point-of-purchase, TV and radio creative, online communication, electronic or mobile media, loyalty programs, and direct mail.
- (2) Territory Operator and Company will not unreasonably withhold approval of any sales promotion or other advertising materials that Licensee proposes to use, as long as Licensee's materials are factually accurate, current, in good condition, in good taste, of like quality to and not in conflict with sales promotion and other advertising materials Territory Operator and Company

furnish or make available to Licensee, and accurately depict the products and Trademarks.

- (3) Company owns and can use and permit others to use any sales promotion or other advertising materials, ideas, concepts or programs developed by Licensee.

9. FEES, REPORTING AND AUDIT.

9.1 Initial Franchise Fee. Licensee must pay \$35,000 to Territory Operator as an initial franchise fee prior to or upon the date of execution of this Agreement. A portion of said fee may be remitted to Company for Company's expenses and services in connection with Licensee. For a Restaurant opening under the Additional Restaurant Development Program (see the Additional Restaurant Development Program Addendum attached hereto).

9.2 Continuing License Fee. Licensee must pay to Territory Operator monthly a continuing license fee ranging from 4% to 6%, currently in an amount equal to 4% of Gross Sales for a DQ Grill & Chill Restaurant, 5% of Gross Sales for a DQ/Dairy Queen or DQ/Orange Julius stores, or 6% for a DQ soft-serve-only store. A portion of said fee may be remitted to Company for Company's expenses and services in connection with Licensee.

9.3 Sales Promotion Program Fee; Lease-Required Sales Promotion Fees. Licensee must pay to Territory Operator monthly a sales promotion program fee. A portion of said fee may be remitted to Company. The fee is not held by Territory Operator or by Company (if remitted to Company) in trust, and becomes the property of Territory Operator or of Company (if remitted to Company) to be spent in accordance with Section 8 of this Agreement. The sales promotion program fee shall be an amount equal to not less than 3% nor more than 6% of Gross Sales without regard to the amount that any other licensee of Territory Operator or Company may pay. Territory Operator will let Licensee know at least 90 days in advance of imposing any requirement that Licensee pay a higher percentage within the 3% to 6% range.

9.4 Operational Program Fees. Licensee must pay to Territory Operator, Company, or their designees, operation program fees based on any costs associated with administering any new programs established by Territory Operator or Company in connection with operational programs and initiatives that are implemented generally for the DQ System.

9.5 Minimum Fees Payable During Any Period of Business Interruptions. During any period of business interruption, whether caused by a Force Majeure event (see Section 15.12), Voluntary Abandonment (see Section 6.9(B)), damage or destruction of the Restaurant (see Section 6.9(C)), or any other cause within or not within Licensee's control, Licensee must pay minimum continuing license fees, sales promotion program fees and operational program fees for each month or part of a month equal to the fees that were payable for the prior year's same month or comparable part of the same month (i.e., if there is a business interruption during all or part of December 2023, the minimum fees would be due based on the fees that were payable for all of December 2022 or the comparable part of December 2022).

9.6 Computations and Remittances.

- (A) Subject to Section 9.7, all amounts due under this Agreement, except the initial franchise fee, must be computed at the end of each month's operation and paid as

described in Section 9.8 to Territory Operator within 10 days after the end of the month, accompanied by the reports required by Section 9.10 of this Agreement. Licensee must certify the computation in the manner and form specified by Territory Operator, and Licensee must supply to Territory Operator supporting or supplementary materials as Territory Operator may reasonably require to verify the accuracy of Licensee's remittances.

- (B) Licensee waives all existing and future claims to offset against amounts due under this Agreement, which amounts must be paid when due. Territory Operator and Company may apply or cause to be applied against amounts due to either of them, or to any of their respective affiliates, any amounts which are held by either of them, or any of their respective affiliates, on Licensee's behalf, or owed to Licensee by Territory Operator, Company, or their respective affiliates. Notwithstanding the foregoing, Territory Operator has the right to require Licensee to compute and remit to Territory Operator and its affiliates all amounts due and owing hereunder, except the initial franchise fee, on a weekly basis. Licensee acknowledges and agrees that Territory Operator has the right to impose the weekly fee requirement described in this section on Licensee regardless of whether Territory Operator or Company imposes the same requirement on other licensees or sublicensees.

9.7 Weekly Payment Program. Territory Operator may require Licensee to prepay continuing license and sales promotion program fees on a weekly basis pursuant to a payment program. If Territory Operator requires weekly payment, then:

- (A) Territory Operator will establish a reasonable estimate of the amount of continuing license and sales promotion program fees that Licensee must pay to Territory Operator each month. Based on this estimate, Territory Operator will establish the specific amount that Licensee must pay to Territory Operator each week.
- (B) Territory Operator will credit all payment amounts it receives from Licensee against the continuing license and sales promotion program fees actually due from Licensee to Territory Operator at the end of each month's operations.
- (C) Territory Operator will submit to Licensee, on a monthly or quarterly basis as selected by Territory Operator, a reconciliation of Licensee's continuing license and sales promotion program fees account showing the credits to Licensee's account from amounts collected by Territory Operator through the weekly payments. If Licensee fails to submit reports under Section 9.10, then Territory Operator may make the reconciliation in conformance with Territory Operator's determination as to amounts due. Unless Licensee provides evidence in a form satisfactory to Territory Operator of the correct amounts due within 14 days after Territory Operator provides notice to Licensee, then Territory Operator's reconciliation will be conclusive as to the amounts due Territory Operator from Licensee. Licensee must pay any amounts due immediately at the end of the 14 days. If Territory Operator determines that Licensee has overpaid continuing license or sales promotion program fees, Territory Operator will remit or credit to Licensee an amount equal to the excess fees collected at the time the monthly or quarterly reconciliation is provided to Licensee.

- (D) Territory Operator will collect, through any method of collection designated by Territory Operator, all weekly payments and any amounts due to Territory Operator after Territory Operator's reconciliation.
- (E) Territory Operator periodically may revise the amount that Licensee is required to prepay to Territory Operator each week if Territory Operator determines that the amount is too low or high as compared to the actual continuing license and sales promotion program fees due to Territory Operator from Licensee each month.

9.8 Electronic Transfer of Funds. Licensee must sign an electronic transfer of funds authorization, and/or other documents that Territory Operator designates periodically, to authorize and direct Licensee's bank or financial institution to transfer either electronically or through some other method of payment Territory Operator designates, directly to the account of Territory Operator or its affiliates and to charge to the account of Licensee all amounts due to Territory Operator and/or its affiliates from Licensee. Licensee's authorizations permit Territory Operator and/or its affiliates to designate the amount to be transferred from Licensee's account. Licensee must maintain a balance in its account sufficient to allow Territory Operator and its affiliates to collect the amounts owed to them when due. Licensee is responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this section. Territory Operator may require Licensee to pay as described in this section, regardless of whether Territory Operator imposes the same requirement on other licensees or sublicensees.

9.9 Interest; Late Fees. All amounts owed by Licensee to Territory Operator or its affiliates under this Agreement will bear interest at the lesser of 18% per annum or the maximum rate of interest permitted by governing law, from and after the date of accrual thereof. In addition, Territory Operator also may charge Licensee a \$50 fee for each late report or payment owed to Territory Operator under this Agreement. This fee is not interest or a penalty, but compensates Territory Operator for increased administrative and management costs due to late payment. A payment is late if:

- (A) It is not received by Territory Operator on or before the due date;
- (B) The payment is received by Territory Operator on or before the due date, but is not honored by Licensee's bank or financial institution; or
- (C) There are insufficient funds in Licensee's bank account on or after the due date to collect a payment by the method of payment designated by Territory Operator.

9.10 Reports.

(A) Monthly Report. Licensee must electronically (or using another method periodically required by Territory Operator) complete and submit to Territory Operator monthly reports with information from the previous calendar month on Territory Operator's then-current form and with the content, as Territory Operator or Company periodically prescribes. The report must include the following information:

- (1) Amount of gross receipts of the Restaurant;
- (2) Amount of sales tax;

- (3) Gross Sales and the computation of the continuing license fee, sales promotion program fee; and any other applicable fees listed in Section 9;
- (4) Total volume of mix, weight of meat and other commodities that Territory Operator or Company may designate, and the sources from which each were obtained; and
- (5) Other information about the Restaurant requested by Territory Operator.

(B) Profit and Loss Statements. Licensee must submit to Territory Operator monthly and annual profit and loss statements for the Restaurant, in formats designated by Territory Operator or Company (which will include items such as a summary of cost of goods, utilities, labor, rent and other material cost items), by the 20th day of the following month for monthly statements and by the 90th day after year-end for annual statements.

(C) Sales Tax and Other Information. If requested by Territory Operator to verify Licensee's Gross Sales, Licensee must submit copies of its most recent sales tax return and all Business Records required by Territory Operator under Territory Operator's or Company's then-current audit policies.

(D) Right to Use Information. Licensee must allow Territory Operator electronic and manual access to all Business records and Licensee hereby consents to Territory Operator's use, in any manner permitted by law, of the Business Records and other information relating to the Restaurant that Licensee submits to Territory Operator, or that Territory Operator obtains through review of Licensee's Business Records or by accessing Licensee's EPOS System or Computer Systems. Territory Operator may share this information with third parties, including Company, consultants, and existing and potential sublicensees.

9.11 Surcharge Method of Collection Program. Territory Operator may require Licensee to pay at the time of purchase to suppliers of mix, meat and/or other products and ingredients used in the conduct of the business of the Restaurant a surcharge on all units of such commodities purchased by Licensee. Said surcharge will be established by Territory Operator at a reasonable rate so as to approximate the amount of continuing license and sales promotion program fees which will be payable by Licensee and/or any past due amounts owed by Licensee to Territory Operator. Said surcharge will be paid to said supplier or suppliers for the account of Territory Operator and be regarded by the parties as a method of collection of said continuing license and sales promotion program fees and past due amounts. The amounts so collected will be credited at the end of each month's operations by Territory Operator against the continuing license and sales promotion program fees due from Licensee to Territory Operator, and the past due amounts owed by Licensee to Territory Operator. Territory Operator will submit to Licensee, on a monthly or quarterly basis as selected by Territory Operator, a reconciliation of Licensee's continuing license and sales promotion program fees account and other accounts setting forth the credits to Licensee's accounts from amounts collected for Territory Operator by suppliers through the aforesaid surcharge method of collection program. Should Licensee fail to submit reports in accordance with Section 9.10, Territory Operator may make said reconciliation in conformance with Territory Operator's determination as to amounts due, and Territory Operator's reconciliation will be conclusive as to the amounts due Territory Operator from Licensee unless within a period of 14 days after mailing

of said reconciliation to Licensee by Territory Operator, Licensee provides evidence in a form satisfactory to Territory Operator of the correct amounts due. Licensee must pay within 10 days after mailing of notice to Licensee by Territory Operator such amounts, if any, determined to be owed pursuant to Territory Operator's reconciliation. If Territory Operator determines that Licensee has overpaid continuing license or sales promotion program fees or past due amounts on the surcharge basis, Territory Operator shall remit to Licensee an amount equal to the excess fees and past due amounts collected at the time the monthly or quarterly reconciliation is provided Licensee.

9.12 Financial Books and Records. Licensee must employ sound financial management and planning practices in connection with the Restaurant, and keep accurate Business Records in an electronic format using a methodology approved by Territory Operator.

- (A) Licensee must keep its Business Records, and the information, data and statistics that are the basis for the Business Records, for at least 5 full calendar years from the date of preparation or any longer period required by applicable law.
- (B) Business Records must be compiled, kept and submitted to Territory Operator on the forms, in the manner (electronically or another format), and using the methods of bookkeeping and accounting that Territory Operator or Company periodically prescribes. Licensee must provide this information to Territory Operator according to reporting formats, methodologies and time schedules periodically established by Territory Operator or Company. Upon Territory Operator's request, Licensee must submit tax returns relating to the Restaurant to Territory Operator.

9.13 Audit.

(A) On-site Audit. Territory Operator and Company or their authorized representatives may at all times during the business day enter the premises where Licensee keeps its Business Records, and evaluate, copy and audit the Business Records.

(B) Off-site Audit. In addition to or instead of an on-site audit, Territory Operator and Company each may require Licensee give to Territory Operator or Company, at Licensee's expense, copies of the Business Records requested by Territory Operator or Company.

(C) Understatement of Gross Sales. In addition to any other rights Territory Operator or Company may have, if any audit reveals that the Restaurant's Gross Sales have been understated by 3% or more, Licensee must reimburse Territory Operator and/or Company for all costs of the audit, including wages, outside accountant fees, outside attorneys' fees, copying costs, postage, travel, meals and lodging ("audit costs"), and for all audit costs incurred in connection with any additional periodic on-site or off-site audits of the Business Records that Territory Operator or Company reasonably deems necessary for up to 2 years after the initial audit. Upon Territory Operator's or Company's request, Licensee must submit tax returns for all Owners to Territory Operator or Company. If Licensee intentionally understates or underreports Gross Sales, continuing license fees or sales promotion program fees, or if an additional audit conducted within the 2-year

period reveals an understatement or variance of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, Territory Operator may terminate this Agreement immediately in accordance with Section 13.2(C).

(D) Sales Reconstruction. In order to verify the information supplied by Licensee in the Business Records, Territory Operator may reconstruct Licensee's sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. Licensee will accept a reconstruction of sales unless Licensee provides evidence in a form satisfactory to Territory Operator of Licensee's sales within 14 days from the date that Territory Operator provides notice to Licensee of the understatement. Any amounts payable to Territory Operator because of the understatement are due immediately at the end of the 14 days.

10. LICENSEE'S OTHER OBLIGATIONS.

10.1 Payment of Debts.

(A) Licensee must pay promptly when due all:

- (1) Payments, obligations, assessments and taxes due and payable to Territory Operator, Company, and Territory Operator's and ADQ's respective affiliates, suppliers, lessors, federal, state or local governments, or creditors, in connection with the Restaurant;
- (2) Liens and encumbrances of every kind and character created or placed upon or against any of the property owned by the Restaurant; and
- (3) Accounts and other indebtedness incurred by Licensee relating to the Restaurant.

(B) If Licensee defaults on any payment listed in Section 10.1(A), Territory Operator may pay it on Licensee's behalf and Licensee must promptly reimburse Territory Operator on demand for the payment.

10.2 Liability and Indemnification. Licensee waives all claims against Territory Operator, Company, and their respective affiliates, for damages to property or injuries to persons arising out of the operation of the Restaurant. Licensee must fully protect, indemnify and defend Territory Operator, Company, and their respective affiliates, and hold them harmless from and against any and all claims, demands, damages, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the Restaurant (regardless of cause or any concurrent or contributing fault or negligence of Territory Operator, Company, or their respective affiliates) or any breach or failure to comply with this Agreement. Licensee specifically acknowledges that: (i) Territory Operator and Company do not have any reserved or general right to exercise control over, and do not exercise any direct or indirect control over, the day-to-day operation of the Restaurant (including operations-related functions such as safety and security, the use of equipment and motor vehicles, and the delivery of services and products to customers, and personnel-related functions such as recruiting, interviewing, hiring, timekeeping, scheduling, payroll processing, supervising, disciplining and firing), (ii) all liability arising out of the operation of the Restaurant is therefore Licensee's responsibility, and (iii)

Licensee's indemnification obligation under this Section 10.2 covers any "joint employer," "agency," "ostensible agency" or similar claims by third parties based on the establishment or operation of the Restaurant. Licensee's indemnification obligation under this Section 10.2 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

10.3 Insurance.

- (A) Licensee must purchase and maintain, at its own expense, general liability insurance at a minimum limit of liability designated periodically by Territory Operator and Company, but not less than \$2,000,000 per occurrence, or a higher amount that Territory Operator and Company may in the future require of similarly situated licensees or sublicensees or that a lessor of the Restaurant premises may require. The insurance coverage must start on the earlier of the date Licensee takes possession of the Authorized Location or the date Licensee begins operating the Restaurant, and must continue through the later of the Expiration Date or the date the Restaurant closes. Licensee must annually, or any shorter period of time at Territory Operator's request, deliver to Territory Operator a certificate of insurance and other endorsements showing compliance with this Section 10.3. The insurance coverage must:
 - (1) Insure Licensee, Territory Operator, Company, and their respective affiliates, and any other person or entity designated by Territory Operator or Company by name, from liability for any and all such damage and injury;
 - (2) Name Territory Operator, International Dairy Queen, Inc., and their respective affiliates, as additional insureds; and
 - (3) Provide that Territory Operator will be given 30 days' prior written notice of material change in or termination or cancellation of the policy.
- (B) Licensee must purchase and maintain, at its own expense, business interruption insurance covering "actual losses sustained" during any period of not less than 12 months or during the maximum period permitted by law if less than 12 months.
- (C) Licensee must purchase and maintain, at its own expense, any additional insurance that Territory Operator periodically may require, such as the same types of insurance with increased coverage minimums, or different or additional types of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.
- (D) Licensee must purchase and maintain, at its own expense, workers' compensation insurance and all additional insurance that may be required by law or other agreement related to the Restaurant.
- (E) All insurance maintained by Licensee must be written with a company rated no less than "A" by AM Best Insurance Rating.
- (F) If Licensee does not procure and maintain the required insurance coverage, Territory Operator may procure insurance coverage for Licensee and charge the

cost to Licensee, together with a reasonable fee for Territory Operator's expenses in doing so, payable by Licensee immediately upon notice.

- (G) Licensee's obligation to obtain and maintain insurance in the amounts specified is not limited in any way by reason of any insurance that Territory Operator or Company may maintain, nor does Licensee's procurement of required insurance relieve Licensee of liability under the indemnity obligations described in Section 10.2 of this Agreement. Licensee's insurance procurement obligations under this Section are separate and independent of Licensee's indemnity obligations.
- (H) Territory Operator and Company do not warrant or represent that any insurance that Licensee is required to purchase will provide adequate coverage for Licensee. The requirements of insurance specified in this Agreement are for Territory Operator's and Company's protection. Licensee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Company

10.4 Compliance with Laws. Licensee must at all times maintain the Restaurant premises and conduct the Restaurant in compliance with all applicable laws, regulations, codes and ordinances, including labor and employment laws. Licensee must comply with all privacy policies and data protection and breach response policies that Territory Operator and Company may establish. Licensee must notify Territory Operator and Company immediately of any suspected data breach at or in connection with the Restaurant. Licensee agrees to obtain legal advice regarding, and to comply with, all applicable legal requirements that prohibit unfair, fraudulent or corrupt business practices, including U.S. and other legal requirements that are designed to combat terrorism and terrorist activities. Licensee represents that neither Licensee nor any Owner is named as a "specially designated national" or "blocked person" as designated by the United States Department of the Treasury's Office of Foreign Assets Control.

10.5 In-Term Noncompete. During the term of this Agreement, Licensee, the Designated Manager, a Principal Owner, or an officer or director of a Principal Owner owning a 20% or greater interest in Licensee cannot, without Territory Operator's and Company's prior written consent, directly or indirectly operate, permit to be operated, or hold any interest in any Competitive Business.

11. TRANSFER OF FRANCHISE.

11.1 Consent Required. Territory Operator enters this Agreement with specific reliance upon the financial qualifications, personal experience, skills and managerial and financial qualifications of Licensee and its Owners. Because of this, no transfer may be made in whole or in part, whether in one or more transactions, without Territory Operator's consent.

11.2 Definition of a Transfer. A "transfer" is defined as a sale (including installment sale), lease, pledge, contract for deed, option agreement, assignment, bequest, gift, transfer of interest upon death or disability, management agreement (or any other arrangement pursuant to which Licensee or an Owner turns over all or part of the daily operation of the Restaurant to a person or entity who shares in the losses or profits of the Restaurant in a manner other than as an employee, independent contractor or agent of Licensee), or disposal of the Restaurant, any assets,

revenue or profits of the Restaurant (except in the ordinary course of business), or any direct or indirect ownership interest in this Agreement, the Restaurant, the Licensee, or an Owner to any person or entity (a “transferee”).

11.3 Requirements of a Transfer. The following requirements must be satisfied before Territory Operator will consent to any direct or indirect transfer or proposed transfer of this Agreement, the Restaurant, or any ownership interest in this Agreement, the Restaurant, the Licensee or an Owner:

(A) Application. Licensee must immediately notify Territory Operator of a proposed transfer, promptly submit to Territory Operator a transfer request and release of information form and provide Territory Operator with a complete application for consent to transfer at least 90 days before the effective date of the transfer. The transfer request and release of information form and application must be completed on Territory Operator’s then-current forms and accompanied by all other documents required by Territory Operator.

(B) Right of First Refusal.

(1) Offer. In the event of a bona fide offer from a third party to purchase or assume any interest in this Agreement, the Restaurant, the Licensee or any Owner, Licensee must give Territory Operator a copy of the purchase agreement or other written statement with the terms of the offer, signed by both the offeror and Licensee, along with such additional information concerning the transaction as Territory Operator may reasonably require, which may include a copy of the lease, financial information, tax returns and other documents typically provided to a buyer. Territory Operator has the right (at its option, upon written notice to Licensee) to assign Territory Operator’s right of first refusal to a third party.

(2) Insolvency. If the proposed transfer results from Licensee’s insolvency or the filing of any petition by or against Licensee under a bankruptcy or insolvency law (“bankruptcy”), Licensee must first offer to sell to Territory Operator Licensee’s interest in this Agreement and the land, building, equipment, furniture and fixtures, and leasehold interest used in the operation of Licensee’s Restaurant (“bankruptcy assets”). The purchase price of the bankruptcy assets will be established by a qualified appraiser selected by the parties. If the parties cannot agree upon an appraiser, upon petition of either party, one will be appointed by a judge of the United States District Court in the Authorized Location’s state. Licensee or Licensee’s legal representative must deliver to Territory Operator a written statement incorporating the appraiser’s report. The transaction documents will be prepared by Territory Operator, and will be as customary for this type of transaction.

(3) Acceptance and Closing. Territory Operator has 30 days from Territory Operator’s receipt of the statement setting forth the third-party offer and such other information requested by Territory Operator, or the appraiser’s report, to accept the offer by delivering written notice of acceptance to

Licensee. Territory Operator's acceptance will be on the same price and terms set forth in the statement, except that Territory Operator may substitute equivalent cash for any noncash consideration, and except that the terms will include the customary representations and warranties as to: ownership, condition of and title to assets; loans and encumbrances on the assets; the validity of contracts and agreements; and contingent and other liabilities afforded the assets. Territory Operator has 30 days after accepting the offer to close on the sale.

- (4) Failure to Accept. If Territory Operator fails to accept the offer within the 30 day period, Licensee has 60 days to effect the disposition described in the statement delivered under Section 11.3(B)(1) or 11.3(B)(2) to Territory Operator if the transfer is otherwise in compliance with Section 11. Licensee cannot effect any other transfer of Licensee, this Agreement or the Restaurant without first complying with the right of first refusal requirements.

(C) Security Interest. Neither Licensee nor an Owner may retain a security or other financial interest in the property to be transferred without Territory Operator's prior written consent and except upon conditions acceptable to Territory Operator. Licensee must inform Territory Operator if Licensee or an Owner proposes to retain a security or other financial interest.

(D) Transfer Requirements. The transferee must meet Territory Operator's then-current requirements for transferees, including those relating to financial position and management and operational experience.

(E) Transfer Fee.

- (1) Amount. Licensee must pay Territory Operator a transfer fee of \$5,500, which is due when Licensee submits the application for consent of the transfer. The transfer fee increases by \$500 on January 1, 2025, and on each 5-year anniversary thereafter.
- (2) Refund. If Territory Operator exercises its right of first refusal, or does not consent to a proposed transfer, Territory Operator will return the transfer fee to Licensee, minus any actual expenditures or disbursements made by Territory Operator in direct connection with evaluating or processing the proposed transfer, together with an itemized statement of these costs. The transfer fee is not refundable in whole or in part except as expressly stated in this Agreement.

(F) Payment of Amounts Owed All amounts owed by Licensee to Territory Operator, Company, Territory Operator's or Company's respective affiliates, Licensee's suppliers, or any landlord for the Restaurant premises and Authorized Location, or upon which Territory Operator, Company, or any of their respective affiliates have any contingent liability, must be paid in full.

(G) Compliance with Agreement. Licensee must be in full compliance with the terms of this Agreement, including providing Territory Operator with all

reports or records required in Sections 9.10 and 9.12 through the effective date of the transfer.

(H) Guarantee. All Owners of transferee must sign Territory Operator's then-current form of undertaking and guarantee. In addition, if Territory Operator allows Licensee or an Owner to retain a security or other financial interest in this Agreement or the Restaurant after the transfer, then Licensee and the Owner must guarantee the performance of this Agreement until the security or other interest terminates.

(I) General Release. Licensee, each Owner, and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, Licensee's Restaurant, or the parties' business relationship, in the form designated by Territory Operator or Company, releasing Territory Operator, Company, and their respective affiliates.

(J) Training. The transferee must, at Licensee's or transferee's expense, comply with Territory Operator's and Company's then-current training requirements for the type of Restaurant being transferred.

(K) Financial Reports and Data. Territory Operator may require Licensee to prepare and furnish to transferee and/or Territory Operator such financial reports and other data relating to the Restaurant and its operations as Territory Operator deems reasonably necessary or appropriate for transferee and/or Territory Operator to evaluate the Restaurant and the proposed transfer. Territory Operator may confer with proposed transferees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to Licensee, except for intentional misstatements made to a proposed transferee. Any information furnished by Territory Operator to proposed transferees is for the sole purpose of permitting transferees to evaluate the Restaurant and proposed transfer.

(L) Then-Current Operating Agreement. Transferee must sign Territory Operator's then-current form of operating agreement, which may have materially different terms and conditions, including higher or additional fees.

(M) Facility Items and Modernization. Licensee must complete the repairs, maintenance, and other similar items at the Restaurant that Territory Operator specifies in writing. In addition, if Licensee has not completed a modernization under Section 5.5 in the past 10 years, then Licensee must complete the modernization prior to the effective date of the transfer. If Licensee has completed a modernization under Section 5.5 in the past 10 years, then transferee will be required to complete the next modernization by the date Licensee would have been required to modernize under this Agreement.

(N) Transfer Agreement. Licensee (and each Owner) must sign an agreement, in form satisfactory to Territory Operator, in which Licensee and each Owner covenant to observe the post-termination covenant not to compete and all other applicable post-termination obligations described in this Agreement.

(O) Other Conditions. Territory Operator may expand on, and provide more details related to the consent described in this Section 11.3, and Licensee and each transferee must comply with any other conditions that Territory Operator reasonably requires periodically as part of its transfer procedures.

(P) Insurance. Transferee must deliver to Territory Operator a proper certificate of insurance evidencing the existence of the insurance coverage required under Section 10.3 of this Agreement.

11.4 Consent Not Unreasonably Withheld. As long as Licensee and transferee meet Territory Operator's applicable requirements for a transfer, Territory Operator will not unreasonably withhold consent for the transfer.

11.5 Transfer Void. Any attempted transfer by Licensee without Territory Operator's prior written consent or otherwise not in compliance with the terms of this Agreement is void and gives Territory Operator the right at its option to either default and terminate this Agreement or to consent to the transfer and collect from Licensee and the guarantors, a transfer fee equal to two times the transfer fee provided for in Section 11.3(E)(1).

11.6 Transfer by Territory Operator. Territory Operator can transfer, in whole or in part, its interest in this Agreement without Licensee's consent. Following the effective date of any transfer, Licensee will look solely to the transferee, and not to Territory Operator, for the performance of all obligations under this Agreement.

11.7 Death, Disability or Incapacity. If any individual who is an Owner of Licensee dies or becomes disabled or incapacitated and the transferee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee shall be payable to Territory Operator, but the proposed transferee must satisfy all other conditions and requirements in this Section 11.

12. DISPUTE RESOLUTION.

12.1 Arbitration. Subject to Section 12.2, any dispute between Licensee and Territory Operator, Company or any of their affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship or the Restaurant must be submitted to binding arbitration under the authority of the Federal Arbitration Act ("FAA"). Any state laws attempting to prohibit arbitration or void out of state forums for arbitration are preempted by the FAA. The dispute must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association ("AAA"), except to the extent the rules and procedures are modified below.

- (A) The then-current AAA Large, Commercial Case Rules apply where the matter in controversy in the arbitration proceeding is at least \$500,000. The matter in controversy is defined not only by the amount of the demand, but also by the value of the matter to the parties to the arbitration. The AAA will decide on the amount of the matter in controversy, subject to a challenge of the AAA decision by either party to the arbitrator(s).
- (B) The arbitrator(s) has the power to rule on his or her own jurisdiction, including any objections with respect to the existence, scope, or validity of the arbitration

agreement or to the arbitrability of any claim or counterclaim. The arbitrator(s) has the power to determine the existence or validity of a contract of which an arbitration clause forms a part. Such an arbitration clause will be treated as an agreement independent of the other terms of the contract. A decision by the arbitrator(s) that the contract is null and void will not for that reason alone render invalid the arbitration clause.

- (C) Multiparty arbitration is specifically prohibited, and any arbitration will be on an individual basis alone; the arbitration may not be consolidated or otherwise joined with any other proceeding. The arbitrator will have no authority or power to proceed with any claim as a multiparty proceeding or a class action or to otherwise join or consolidate any claim with any other claim or any other proceeding involving third parties.
- (D) The arbitration must take place in the capital of the state in which the Authorized Location of Licensee is located, or at such other place as may be mutually agreeable to the parties.
- (E) Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section 12.1 without the prior written consent of both parties.
- (F) Except for the appeal process described in Section 12.1(G), the decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) will have no authority or power to: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Territory Operator or Company. The arbitrator(s) must also follow the applicable law and may not disregard the law based on principles of justice or equity which are not a specific part of the applicable law. A judgment may be entered upon the arbitration award by any state or federal court in the state of the Authorized Location or in Minnesota.
- (G) Any award rendered by the arbitrator(s) may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules in effect as of the Effective Date of this Agreement ("Appellate Rules"). Any award will, at a minimum, be a reasoned award. The award will not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within 30 days of receipt of an award, as defined by Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is complete or the time for filing an appeal has expired, and a judgment may be entered upon the arbitration award in accordance with the procedures identified in Section 12.1(F).

12.2 Injunctive Relief. The Restaurant is one of a large number of DQ stores and restaurants identified by the Trademarks selling similar products to the public. The failure on the

part of a single licensee or sublicensee to comply with the terms of its agreement could cause irreparable damage to Territory Operator, Company and/or some or all of the other licensees of Territory Operator or Company. Therefore, in the event of a breach or threatened breach of any of the terms of this Agreement by a party, the other party is entitled to an injunction from a court of law restraining the breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining the equitable relief, until a final and binding determination is made by the arbitrators. The arbitrator(s) has no authority to award interim, injunctive, or other equitable relief pending conclusion of the arbitration proceeding. Any equitable remedies are in addition to, not in lieu of, all other remedies or rights which the parties might otherwise have by virtue of any breach of this Agreement by the other party. Territory Operator, Company, and their respective affiliates, have the right to commence a civil action in any court of competent jurisdiction against Licensee or take other appropriate action to obtain injunctive relief (whether temporary, preliminary or permanent) to compel Licensee's compliance with trademark standards and requirements to protect the goodwill of the Trademarks (including enforcement of the noncompete provisions in Sections 10.5 and 14.6) without having to file an arbitration demand.

12.3 Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship, or the Restaurant is entitled to recover its reasonable attorneys' fees and costs.

12.4 Jury Trial. The parties irrevocably waive any right they may have to a jury trial.

13. DEFAULT AND TERMINATION.

13.1 Default. Licensee is in default of this Agreement if Territory Operator determines that Licensee or any Owner or guarantor has breached any of the terms of this Agreement, any lease or sublease for the Restaurant premises, or any other agreement between Licensee and Territory Operator or its affiliates, which includes:

- (A) Making any false report to Territory Operator or Company;
- (B) Failure to submit to Territory Operator the lease (if applicable) for the Authorized Location before execution;
- (C) Failure to submit any required report when due;
- (D) Intentionally understating or underreporting, or failure to pay when due any amounts required to be paid to Territory Operator, Company, or any of their respective affiliates, whether under this Agreement, any lease or sublease for the Restaurant premises, or otherwise or to any third party as required by this Agreement;
- (E) Conviction of Licensee, an Owner, or a guarantor of any felony or misdemeanor which brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks;
- (F) Failing an evaluation under Section 6.8, or failing to abide by any of Territory Operator's or Company's standards in connection with the development or operation of the Restaurant;

- (G) Violation of the Licensee's confidentiality obligations under this Agreement;
- (H) Filing of tax or other liens which may affect this Agreement; voluntary or involuntary bankruptcy by or against Licensee or any Principal Owner or guarantor; insolvency; making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors;
- (I) Failure to meet any requirements or specifications established by Territory Operator or Company with respect to product quality, physical property, conditions of equipment or materials used, products manufactured, Menu, or use of approved products, packaging or promotional materials.

13.2 Termination. Territory Operator can terminate this Agreement in accordance with the following provisions:

(A) Opportunity to Cure. Except as set out in Sections 13.2(B) and (C), Licensee has (i) 10 days from the date of a written notice of default to cure a default for failure to submit any required report when due or to pay when due any amounts required to be paid to Territory Operator or Company or any of their affiliates; and (ii) 30 days from the date of a written notice of default to cure any other default under this Agreement. Licensee's failure to cure a default within the 10-day period will provide Territory Operator with good cause to terminate this Agreement; and the termination will be accomplished by mailing or delivering to Licensee written notice of termination that will identify the grounds for the termination.

(B) Twenty-Four Hours to Cure. If a default under this Agreement materially impairs the goodwill associated with any of the Trademarks or the operation, maintenance, or construction of the Restaurant results in a threat or danger to the public health or safety (for example, violating any of Territory Operator's or Company's zero tolerance policies or food safety requirements), then Licensee will have 24 hours after Territory Operator provides written notice of the default to cure the default. Territory Operator has the right to require Licensee to close the Restaurant immediately upon notice and keep it closed until such time as the default is cured. If the default is not cured within 24 hours or Licensee fails or refuses to close the Restaurant upon notice from Territory Operator, the termination will be effective immediately upon Territory Operator's issuance of written notice of termination. Notwithstanding any notice provisions under this Agreement, notices under this section are deemed received when, as shown in Territory Operator's or Company's records, actual notice was given to the Controlling Owner, a Principal Owner, the Designated Manager, or the person designated to receive notices under Section 15.3(B), whether delivered personally, by phone, fax, email or reputable overnight service.

(C) Immediate Termination. Licensee has no right to cure the following defaults and this Agreement terminates immediately on Territory Operator's issuance of written notice of termination:

- (1) Licensee's loss of the right to occupy the Restaurant premises;

- (2) If the Restaurant is destroyed or damaged, Licensee's failure to repair and reopen for operation the Restaurant at the Authorized Location within 270 days of the date of occurrence of the destruction or damage (as described in Section 6.9(C);
- (3) Licensee's failure to relocate and reopen in accordance with and within the time periods and conditions set forth in Section 5.4;
- (4) Voluntary abandonment as defined in Section 6.9(B);
- (5) Insolvency of Licensee or a Principal Owner or guarantor, or Licensee's or a Principal Owner's or guarantor's making an assignment or entering into any similar arrangement for the benefit of creditors
- (6) Conviction of Licensee or any Owner, the Designated Manager or guarantor of an offense directly related to the Restaurant;
- (7) Intentionally understating or underreporting Gross Sales, continuing license fees or sales promotion program fees as described in Section 9.12(C);
- (8) Any default by Licensee which is the third default within any consecutive 12-month period; or
- (9) Licensee or an Owner is named as a specially designated national or blocked person as designated by the United States Department of the Treasury's Office of Foreign Assets Control.

(D) Termination Fee. Upon Territory Operator's termination of this Agreement for any reason under Section 13.2, Licensee must pay to Territory Operator within 30 days of the date of the termination, a termination fee as calculated below to compensate Territory Operator for anticipated and reasonably estimated lost profits. This section is not applicable to any termination or cancellation of an operating agreement for an Authorized Location that did not open. The termination fee will be calculated as follows:

- (1) 2 times the continuing license fees payable to Territory Operator for the last 12 months of the Restaurant's active operations;
- (2) If the Restaurant opened but did not operate for a full 12 months before the date of termination, 24 multiplied by the average monthly continuing license fees payable to Territory Operator from the date of opening through the date of termination; or
- (3) If there are less than 24 months remaining on the term, the number of months remaining on the term multiplied by the average monthly continuing license fees payable to Territory Operator for the last 12 months of the Restaurant's active operations.

(E) Effect of Other Laws. Any valid, applicable law or regulation establishing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersedes any provision of this Agreement less favorable to Licensee than the law or regulation.

(F) Disclaimer. Territory Operator disclaims any right under this Section 13.2 to terminate this Agreement based on any decision or action by Licensee regarding recruiting, interviewing, hiring, keeping the time of, scheduling, processing the payroll of, supervising, disciplining or firing its personnel.

13.3 Termination by Licensee. Licensee may terminate this Agreement as a result of a breach by Territory Operator of a material provision of this Agreement after Licensee provides Territory Operator with written notice of the breach that identifies the grounds for the breach, and Territory Operator fails to cure the breach within 30 days after Licensee provides written notice to Territory Operator. The termination will be effective 60 days after Licensee provides written notice of the breach to Territory Operator. Licensee's termination of this Agreement under this Section 13.3 does not release or modify Licensee's post-term obligations under Section 14.

14. POST-TERM OBLIGATIONS.

Upon the expiration or termination of this Agreement:

14.1 Reversion of Rights. All rights of Licensee to use the Trademarks and all other rights and licenses granted under this Agreement, and the right and license to conduct business under the Trademarks at the Authorized Location revert to Territory Operator without further act or deed of any party. All right, title and interest of Licensee in, to and under this Agreement and any operational goodwill become the property of Territory Operator.

14.2 Stop Using Trademarks.

- (A) Licensee must immediately stop using and displaying the Trademarks and any point-of-sale materials and other sales promotion and advertising materials furnished, made available or approved by Territory Operator or Company, and must stop using Territory Operator's and Company's Confidential Information (including the Operations Manual). Licensee must immediately return to Territory Operator all copies of the Operations Manual and any other Confidential Information in Licensee's possession or control, or previously disseminated to Licensee's employees.
- (B) Subject to Section 14.5, Licensee must, within 20 days, at Licensee's expense, remove or obliterate all Restaurant signage, displays, photos and other materials in Licensee's possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks. Licensee also must, within 20 days, alter the appearance of the Restaurant, including, removal or substantial modification of any trade dress, so as to differentiate the Restaurant unmistakably from duly licensed stores and restaurants identified by the Trademarks.
- (C) If Licensee does not comply with this Section 14.2 within 20 days, Territory Operator or Company may enter the Authorized Location and remove all Restaurant signage, displays, photos or any other materials in Licensee's possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and Licensee must reimburse Territory Operator or Company for Territory Operator's or Company's costs incurred in connection with this removal.

- (D) If, despite not being permitted to do so, Licensee owns or controls any domain name registrations in connection with the Restaurant or that include any of the Trademarks, Licensee agrees to promptly transfer ownership of such domain names to Territory Operator or Company and execute any documents the domain name registry requires in connection with the transfer of these domain name registrations to Territory Operator or Company.

14.3 Liable for Obligations. Licensee remains liable for its obligations under any applicable lease or sublease for the Restaurant premises and Authorized Location, and its other applicable obligations under this Agreement or any other agreement between Licensee and Territory Operator, Company, or their respective affiliates.

14.4 Amounts Owed. Licensee must pay all sums due Territory Operator, Company, or their respective affiliates or designees, or that Licensee owes to third parties which have been guaranteed by Territory Operator, Company, or any of their respective affiliates, within 10 days of the termination or expiration of this Agreement.

14.5 Purchase Option. Territory Operator may purchase or designate a third party to purchase all of the assets of the Restaurant that are owned by Licensee or any of Licensee's affiliates including, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold, leasehold improvements, and inventory of the Restaurant, upon the following conditions:

- (A) Territory Operator must give Licensee written notice of its intent to exercise its purchase rights under this Section 14.5 within 30 days after the date of the expiration or termination of this Agreement.
- (B) The purchase price will be at a price determined by a qualified appraiser paid for by Territory Operator and selected with the consent of both parties. The price determined by the appraiser will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a DQ Grill & Chill or DQ store or restaurant and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc., but not goodwill). If the parties cannot agree upon an appraiser, either party may petition a judge of the United States District Court for the District in which the Authorized Location is located to appoint an appraiser.
- (C) Within 45 days after Territory Operator's receipt of the appraisal report, Territory Operator must inform Licensee if Territory Operator or its designee intends to purchase any or all of the assets at the price in the appraisal report. Territory Operator or its designated purchaser and Licensee must complete and close the purchase of the designated assets in a commercially reasonable time and manner. Territory Operator may reduce the price paid for the assets by any unpaid portion of the termination fee due under Section 13.2(D) of this Agreement.
- (D) Upon Territory Operator's or its designated purchaser's exercise of the purchase option and tender of payment, Licensee agrees to sell and deliver, and cause its affiliates to sell and deliver, the purchased assets to Territory Operator or its designated purchaser, free and clear of all encumbrances, and to execute and

deliver, and cause its affiliates to execute and deliver, to Territory Operator or its designated purchaser a bill of sale for the assets or any other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

14.6 Post-Term Noncompete. Licensee and the Principal Owners cannot directly or indirectly (including acting as a lessor, lessee, officer, director, partner, employee, consultant, shareholder or lender) own, operate, lease, engage in, conduct, have any interest in, or assist any other person or entity to engage in, any Competitive Business for 1 year after the date of expiration or termination by either party with or without cause (i) within 500 meters of the Authorized Location if the Authorized Location of the Restaurant is a Street Location, or (ii) within the building or venue that the Authorized Location was in if the Restaurant is a Captive-Venue Location.

14.7 Confidentiality. Licensee and its Owners shall comply with the confidentiality provisions of Section 6.12 of this Agreement.

14.8 Time Period for Bringing Claims. Claims by Territory Operator for underreporting Gross Sales, for indemnification, or for claims related to Territory Operator's or Company's rights under the Trademarks are subject only to the applicable state or federal statute of limitations. Any other claim arising out of or relating to this Agreement, the relationship of the parties, Territory Operator's operation of its business, Company's operations relating to the Franchise System, or Licensee's operation of the Restaurant will be barred unless filed before the expiration of the earlier of:

- (A) The time period for bringing an action under any applicable state or federal statute of limitations;
- (B) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or
- (C) 2 years after the first act or omission giving rise to an alleged claim.

15. GENERAL PROVISIONS.

15.1 Severability. Should one or more clauses of this Agreement be held to be void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses are deemed to be separable in such jurisdiction and the remainder of this Agreement is deemed valid and in full force and effect and the terms of this Agreement will be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding hereunder shall, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

15.2 Waiver/Integration. No waiver by Territory Operator of any breach by Licensee, nor any delay or failure by Territory Operator to enforce any provision of this Agreement, will be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce Territory Operator's rights with respect to that or any other or subsequent breach. Subject to

Territory Operator's and Company's rights to modify their standards in the Operations Manuals, and except as otherwise provided in this Agreement, this Agreement cannot be waived, altered or rescinded, in whole or in part, except by a writing signed by Licensee and Territory Operator and consented to by Company. This Agreement (including its addenda) is the sole agreement between the parties with respect to the entire subject matter of this Agreement, and embodies all prior agreements and negotiations with respect to the Restaurant. Nothing in this Agreement (including its addenda), or in any related agreement, is intended to disclaim the representations Territory Operator or Company made in the franchise disclosure document.

15.3 Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement must be in writing and signed by the party serving it and delivered personally, by a reputable overnight service or deposited in the United States mail (by registered or certified mail if it is a notice of default), service or postage prepaid, or as otherwise provided in the Operations Manuals. A notice delivered by an overnight service is deemed received the day after it is given to the overnight service; a notice delivered by regular, registered or certified mail is deemed received 4 days after it is given to the United States Postal Service, or any shorter period in which the notice was actually delivered. Notices will be addressed as follows:

- (A) If intended for Territory Operator, shall be addressed to Territory Operator at the address hereinabove designated;
- (B) If intended for Licensee, addressed to Licensee at the Authorized Location designated on the cover page. If Licensee is an entity or consists of more than one individual, then Licensee must designate a single individual to receive notices under this Agreement and identify this person on the Ownership and Management Addendum attached to this Agreement. Legal notices sent to the designated individual will be deemed received by the Licensee;
- (C) If intended for Company, shall be addressed to the President, American Dairy Queen Corporation, 8000 Tower, Suite 700, 8331 Norman Center Drive, Bloomington, MN 55437; or,
- (D) To another address as designated by written notice to the other party.

15.4 Authority. Any modification, consent, approval, authorization or waiver granted under this Agreement that is required to be effective by signature will be valid only if in writing and executed by an authorized signatory of Licensee on behalf of Licensee, or if on behalf of Territory Operator, an authorized signatory of Territory Operator, or, if on behalf of Company, in writing executed by its President or one of its Vice Presidents.

15.5 References. If Licensee consists of 2 or more individuals, the individuals are jointly and severally liable, and references to Licensee in this Agreement include all individuals. Headings and captions in this Agreement are for convenience of reference and should not be taken into account in construing or interpreting this Agreement.

15.6 Guarantee. If Licensee is a corporation, partnership, limited liability company or other entity, then all Owners must sign the undertaking and guarantee at the end of this Agreement. Any person or entity that becomes an Owner after the date of this Agreement must sign the form of undertaking and guarantee at the end of this Agreement.

15.7 Successors/Assigns. Subject to the terms of Section 11, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

15.8 Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties rights under this Agreement, and the relationship between the parties:

(A) Applicable Law and Waiver. Subject to Company's rights under federal trademark laws and the parties' rights under the FAA in accordance with Section 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Authorized Location is located. Licensee waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located.

(B) Exercise of Rights. Whenever this Agreement provides that Territory Operator and/or Company have a certain right, that right is absolute and the parties intend that Territory Operator's and/or Company's exercise of that right will not be subject to any limitation or review. Territory Operator and/or Company have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, subject to any limitations on their rights in the Territory Agreement.

(C) Reasonable Business Judgment. Whenever Territory Operator and/or Company reserve or are deemed to have reserved discretion in a particular area or where Territory Operator and/or Company agree or are deemed to be required to exercise their rights reasonably or in good faith, Territory Operator and/or Company will satisfy their obligations whenever they exercise Reasonable Business Judgment (as defined below) in making their decision or exercising their rights. A decision or action by Territory Operator and/or Company will be deemed to be the result of "Reasonable Business Judgment," even if other reasonable or even arguably preferable alternatives are available, if Territory Operator's and/or Company's decision or action is intended, in whole or significant part, to promote or benefit the Franchise System (or one or more components of it) generally even if the decision or action also promotes a financial or other individual interest of Territory Operator and/or Company. Examples of items that will promote or benefit the Franchise System include enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Franchise System (or one or more components of it). Neither Licensee nor any third party (including, without limitation, a trier of fact) will substitute its judgment for Territory Operator's or Company's Reasonable Business Judgment.

15.9 Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration

under Section 12, must be brought in the capital of the state in which the Authorized Location of Licensee is located, or at such other place as may be mutually agreeable to the parties. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section 15.9 survive the termination of this Agreement. Licensee is aware of the business purposes and needs underlying the language of this Section 15.9, and agrees to be bound in the manner set forth.

15.10 Waiver of Punitive Damages. Licensee, Territory Operator and Company and their affiliates waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each shall be limited to the recovery of actual damages sustained by it.

15.11 Relationship of the Parties.

(A) Independent Contractor Relationship. Under this Agreement, Licensee is an independent contractor with entire control and direction of the Restaurant, subject only to the terms of this Agreement. This Agreement is not intended to, and does not create a fiduciary relationship, a relationship of special trust or confidence, or any other special relationship between the parties, or make any party a principal, agent, legal representative, parent, affiliate, subsidiary, joint venturer, partner, employer, joint employer, employee or servant of any other party for any purpose. In that regard:

- (1) Territory Operator and Company have no right or duty to operate the Restaurant, and disclaim any liability under this Agreement for any damages arising out of the operation of the Restaurant.
- (2) Licensee is solely responsible for recruiting, interviewing, hiring, timekeeping, scheduling, payroll processing, supervising, disciplining and firing its personnel, and its personnel are not employees, independent contractors or agents of Territory Operator or Company. Neither Territory Operator nor Company has the power, responsibility or liability in respect to these or related matters, or the right or duty to supervise, or to exercise control over, Licensee's personnel in the operation of the Restaurant. Territory Operator and Company disclaim any rights or responsibilities as to Licensee's personnel. Licensee is solely responsible for consulting with its own third party human resources ("HR") service provider and/or legal counsel concerning compliance with personnel laws and regulations that are applicable to the operation of the Restaurant, and for complying with those laws and regulations.
- (3) Except as provided in this Agreement, Licensee is solely responsible for training its personnel. To the extent that Territory Operator or Company provides Licensee with guidelines, recommendations, materials or other resources related to training its management and non-management personnel, unless Licensee is required by this Agreement to use those training resources, Licensee may use those training resources, or may choose to use alternate training resources, so long as Licensee's personnel are trained to operate the Restaurant in a System-compliant, legal and safe manner.

- (4) Licensee is solely responsible for establishing and enforcing its own policies related to personnel practices and labor relations. To the extent that Territory Operator or Company provides Licensee with guidelines, recommendations, materials or other resources related to personnel practices and labor relations, Licensee may use those resources, or may choose to use alternate resources. Licensee is solely responsible for consulting with its own third party HR service provider and/or legal counsel concerning compliance with personnel and labor relations laws and regulations that are applicable to the operation of the Restaurant, and for complying with those laws and regulations.

(B) Notices to Public, Etc. During the term of this Agreement, Licensee agrees to hold itself out, to the public, public officials, its suppliers, its independent contractors and others, as an independent contractor operating the Restaurant pursuant to rights granted by Territory Operator and Company, but not jointly with Territory Operator and Company. Licensee agrees to take any reasonable actions that Territory Operator and Company consider necessary to that end, including exhibiting notices of the parties' relationship in a conspicuous manner at the Restaurant, and on websites, letterhead, forms, business cards, electronic communications, advertisements, and other materials Territory Operator and Company designate. Territory Operator and Company reserve the right to specify and change the content and form of these notices.

(C) Statements to and Acknowledgements by Employees. During the term of this Agreement, Licensee must hold itself out to its prospective employees, and to its employees, as an independent contractor operating the Restaurant pursuant to rights granted by Territory Operator and Company, but not jointly with Territory Operator and Company. Licensee must take any reasonable actions that Territory Operator and Company consider necessary to that end, including (i) stating conspicuously on each employment application that the prospective employee is applying to be Licensee's employee and not an employee of Territory Operator or Company, (ii) stating Licensee's entire business name, rather than just using Company's brand name and/or logo, on Licensee's payroll checks and/or payroll-related communications to employees, and (iii) requiring employees to sign acknowledgements that they are not employees of Territory Operator or Company, even though they are selling products and services identified by Company's brand name and/or logo, are receiving payroll checks and other communications that contain Company's brand name and/or logo, may have applied for jobs through Territory Operator's or Company's website(s), or may communicate with or receive non-mandatory feedback, coaching or recommendations from representatives of Territory Operator and Company in emails or other electronic or written communications, or during telephone calls, meetings or inspections. Territory Operator and Company reserve the right to specify and change the content and form of these statements and acknowledgements.

(D) Contracts, Etc. Nothing in this Agreement authorizes Licensee to make any contract, agreement, warranty or representation on Territory Operator's or Company's behalf; to incur any obligation, debt or expense in Territory Operator's or Company's name; or to make any representation to any third party tending to indicate a business relationship with Territory Operator or Company beyond that created under this

Agreement. Territory Operator and Company disclaim any liability for, and will not be liable under this Agreement for any claim or judgment arising as a result of, any such action. Under this Agreement, no party is responsible for any obligations, debts or expenses of any other party.

15.12 Force Majeure. A failure of performance of this Agreement by any party will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of the party, provided that the party uses reasonable best efforts to perform the obligations as soon as possible under the circumstances. Such causes include acts of God, lockouts, strikes, wars, riots, and acts of government.

15.13 Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the Franchise System. Accordingly, Territory Operator and Company may vary the Menu, and other standards, specifications, and requirements, for any licensed store or restaurant, licensee or sublicensee, based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance, or any other condition that Territory Operator and/or Company deem to be of importance to the operation of such store or restaurant, Licensee's business, or one or more components of the Franchise System. Neither Territory Operator nor Company is required to grant to Licensee a like or other variation as a result of any variation from any standard, specification or requirement granted to any other store or restaurant, or licensee or sublicensee. Licensee acknowledge that it is aware that other licensees and sublicensees of Territory Operator and Company operate under a number of different forms of franchise or operating agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to such other agreements may differ materially in certain instances from Licensee's rights and obligations under this Agreement. Territory Operator and/or Company may periodically modify or rescind any standard, specification or requirement prescribed by Territory Operator and/or Company under this Agreement to adapt the Franchise System to changing conditions, competitive circumstances, business strategies, business practice innovations, and technological changes as Territory Operator and/or Company deem appropriate.

15.14 Notice of Potential Profit. Territory Operator, Company and/or the affiliates of either may make available goods, products, or services to Licensee for use in the Restaurant and may make a profit on the sale of these items. Territory Operator, Company and/or the affiliates of either may receive and retain consideration from suppliers or manufacturers for services rendered, license rights, or sales of goods, products, or services to Licensee. The consideration may or may not be related to services performed and Territory Operator, Company and/or the affiliates of either are entitled to these profits or consideration.

15.15 Licensed Restaurants. Each reference herein to a licensee or a licensed store or restaurant shall be deemed to refer equally to any store or restaurant operated hereunder by Territory Operator for Territory Operator's own account.

15.16 Effective Date. This Agreement shall be effective on the date it is signed by Territory Operator. However, as described in Section 2.2 hereof, the license to use the Trademarks is not effective and Licensee does not have the right to, and shall not, open and commence operation of a Restaurant at the Authorized Location until Territory Operator notifies Licensee that Company has consented to this Agreement, and Territory Operator notifies Licensee that

Licensee has satisfied all of the pre-opening conditions set forth in this Agreement. If Company does not consent to this Agreement, Territory Operator will declare the Agreement null and void, and Territory Operator and Company will return to Licensee all deposits, including the initial franchise fee, after deducting a cancellation fee of the greater of \$10,000 or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit, including any training programs.

15.17 Including. Unless the context requires otherwise, the term "including" means "including but not limited to."

16. DEFINITIONS.

16.1 Assistant Manager. Assistant Manager means an individual who personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant under the supervision of the Designated Manager, meets Territory Operator's and Company's prior restaurant or retail management experience requirements, and does not participate in the active operation or management of any business other than the Restaurant.

16.2 Authorized Location. Authorized Location is the location of the Restaurant designated on the cover page to this Agreement.

16.3 Business Records. Business Records means Licensee's books and records relating to the Restaurant, and includes balance sheets, profit and loss statements, records of prices and special sales, check registers, purchase records, sales summaries, inventories, and other detailed information about daily sales, cost of sales, and other relevant records or information.

16.4 Captive-Venue Location. Captive-Venue Location means a location in a shopping mall (enclosed or open air, such as a lifestyle center) with a minimum of 500,000 square feet of gross leasable area, transportation terminals, hospitals, college and university facilities, parks and recreation areas, office buildings and other locations that cater to high volume walking traffic.

16.5 Competitive Business. Competitive Business means a quick service restaurant that serves hamburgers but does not serve alcohol, or a restaurant or business that generates more than 10% of its revenue from sales of ice cream, yogurt, frozen custard, fruit-based beverages, soft serve or other frozen treats.

16.6 Computer Systems. Computer Systems means the computer systems, including hardware and software, or other existing or future communication, data storage or security systems that may be designated by Company, which meet Company's standards and specifications as periodically modified in response to business, operations and marketing conditions.

16.7 Confidential Information. Confidential Information includes the standards, guidelines and recommendations, and other information in the Operations Manuals, costs, and knowledge of and experience in the development and operation of DQ stores and restaurants that Territory Operator and/or Company communicate to Licensee, or that Licensee otherwise acquires in operating the Restaurant under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by Licensee or other individuals under an obligation to keep the information confidential.

16.8 Controlling Owner. Controlling Owner means the Owner who actively directs Licensee's business affairs relating to the Restaurant and is responsible for overseeing the general management of the day-to-day operations of the Restaurant. Licensee must identify its Controlling Owner on the Ownership and Management Addendum attached to this Agreement.

16.9 Designated Manager. Designated Manager means an individual who personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant, meets Territory Operator's and Company's prior restaurant or retail management experience requirements, and does not participate in the active operation or management of any business other than the Restaurant. Licensee must identify its Designated Manager on the Ownership and Management Addendum attached to this Agreement.

16.10 EPOS System. EPOS System means an electronic point-of-sale system, including hardware, software, payment processing and security components, that meets the standards and specifications established by Territory Operator and Company, as modified periodically in response to business, operations and marketing conditions.

16.11 Franchise System. Franchise System means the franchised network of DQ stores and restaurants, regardless of the concept or type of location, which operate under one or more of the Trademarks.

16.12 Gross Sales. Gross Sales means the total revenue and receipts from the sale of all products sold by the Restaurant, whether paid for by cash, credit (not adjusted for credit card fees) or gift card, barter, or otherwise, including sales of all products under any of the Trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenue and receipts arising directly from Licensee's sale of gift cards.

16.13 Menu. Menu means the menus designated by Company in the Operations Manual or otherwise in writing.

16.14 Operations Manuals. Operations Manuals means Company's most current operations materials, which include manuals, resource guides, system bulletins, handbooks, product preparation materials, brand guidelines, and other written materials relating to the Restaurant, the System, or the Franchise System.

16.15 Owner. Owner means any person or entity who directly or indirectly owns an interest in Licensee. An Owner includes each shareholder, member, or owner of a corporation, limited liability company or other entity, each general partner of a partnership and, if a general partner is an entity, each owner of an interest in the general partner. If the Licensee is more than one individual, each individual is an Owner. The Owners are identified on the Ownership and Management Addendum attached to this Agreement.

16.16 Powders. Powders means the Orange Julius Flavor Enhancer powder and all other proprietary powders and products used in the preparation of Orange Julius trademarked drinks.

16.17 Principal Owner. Principal Owner means any Owner who directly or indirectly owns a 10% or greater interest in Licensee.

16.18 Restaurant. Restaurant means Licensee's DQ store or restaurant developed and operated under this Agreement at the Authorized Location using the System and the Trademarks.

16.19 Street Location. Street Location means a location in a freestanding building, streetscape location, or strip mall with less than 500,000 square feet of gross leasable area.

16.20 System. System means the DQ system which consists of the sale of distinctive dairy products, beverages, food products and other products and services under the Trademarks using distinctive facilities, equipment (including the EPOS System and Computer Systems), supplies, ingredients, secret and proprietary formulas, standards, designs, menu items, recipes, techniques, procedures, methods, requirements, formats, management systems, Operations Manuals, and sales promotion programs, as they may be modified and improved periodically by Territory Operator and Company.

16.21 Trademarks. Trademarks means the trademarks, trade names and commercial symbols designated by Company in the Operations Manuals or otherwise in writing, which may be modified periodically by Company. Licensee acknowledges and agrees that Licensee is authorized to use only the Trademarks for the type of Restaurant that is authorized to be operated under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates written below.

LICENSEE: (For an Entity)

LICENSEE: (For an Individual)

Date: _____

_____,
a _____
(Please type or print name and type of entity)

By: _____
(Signature of person signing on behalf of entity)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

TERRITORY OPERATOR:

By: _____

Its: _____

Date: _____

CONSENT:

AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

RIDER TO FRANCHISE AGREEMENT FOR USE IN VIRGINIA

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each of the undersigned agrees to the terms of this Rider.

LICENSEE: (For an Entity)

Date: _____

_____,
a _____
(Please type or print name and type of entity)

By: _____
(Signature of person signing on behalf of entity)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

LICENSEE: (For an Individual)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

TERRITORY OPERATOR:

By: _____

Its: _____

Date: _____

UNDERTAKING AND GUARANTEE ADDENDUM TO OPERATING AGREEMENT

NOTE: IF LICENSEE IS A CORPORATION OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THE FOLLOWING UNDERTAKING AND GUARANTEE AS AN INDIVIDUAL AND NOT AS AN OWNER OR OFFICER OF THE CORPORATION OR OTHER ENTITY:

In consideration of the execution of the foregoing Operating Agreement (“Operating Agreement”) by Territory Operator and Company, and for other good and valuable consideration, each and all of the Owners of Licensee, for themselves, their heirs, legal representatives, successors and assigns (referred to collectively as the “Guarantors”) do hereby jointly, individually and severally guarantee the full and timely performance by Licensee of each and every obligation of Licensee arising under the Operating Agreement, including without limitation the payment of all amounts and the performance of all covenants, terms and conditions required under the Operating Agreement.

Further, the Guarantors, individually, jointly and severally, hereby agree to be personally bound by each and every condition and term contained in the Operating Agreement as though each of the Guarantors had executed an operating agreement containing the identical terms and conditions of the Operating Agreement, including without limitation the dispute resolution provisions, and any amendments, extensions, or other modifications to the Operating Agreement.

Each of the Guarantors waives: (i) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (ii) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; or (iii) any right that the Guarantors may have to require Territory Operator or Company, as a condition of liability or otherwise, to proceed against any other person or to proceed against or exhaust any security held by Territory Operator Company or at any time or to pursue any right of action accruing to Territory Operator or Company under the Operating Agreement. Territory Operator or Company has the right to either proceed against the Guarantors and Licensee, jointly and severally, or proceed against any of the Guarantors without having commenced any action, or having obtained any arbitration award or judgment, against Licensee.

The Guarantors individually, jointly and severally agree to pay all attorneys’ fees and costs and other expenses incurred in connection with the enforcement of this Guarantee or with any negotiations related to such enforcement.

The Guarantors individually and collectively agree that each and every provision, covenant, and condition of this Guarantee shall inure to the benefit of Territory Operator’s and Company’s successors and assigns and that any liability or obligations arising under this Guarantee shall not be diminished or relieved by the insolvency, bankruptcy, or reorganization of Licensee or of Licensee’s successors and assigns.

Signatures on next page

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

**OWNERSHIP AND MANAGEMENT ADDENDUM
TO OPERATING AGREEMENT**

1. Controlling Owner. Licensee represents and warrants to Territory Operator that the following person, and only the following person, shall be the Controlling Owner of Licensee:

NAME

TITLE

ADDRESS

2. Designated Manager. Licensee represents and warrants to Territory Operator that the following person, and only the following person, shall be the Designated Manager of Licensee:

NAME

TITLE

ADDRESS

3. Owner(s). Licensee represents and warrants to Territory Operator that the following persons and entities, and only the following persons and entities, shall be the Owners of Licensee:

NAME

HOME ADDRESS

PERCENTAGE OF INTEREST

4. Change. Licensee shall immediately notify Territory Operator in writing of any change in the information contained in this Addendum and, at Territory Operator's request, prepare and sign a new Addendum containing the correct information.

5. Effective Date. This Addendum is effective as of this _____ day of _____,
20____.

Licensee's Initials

Territory Operator's Initials

**COMMENCEMENT AND EXPIRATION DATES ADDENDUM
TO OPERATING AGREEMENT**

In accordance with Section 4 of the Operating Agreement by and between _____ (“Territory Operator”) and _____ (“Licensee”), dated _____, 20__ (the “Agreement”), the term of the Agreement shall commence on _____, 20__ and expire on _____, 20__. The foregoing dates shall supersede the dates noted in Section 4 of the Agreement. Otherwise, the Agreement shall be in full force and effect as written.

{TERRITORY OPERATOR}

Date: _____

By: _____

Its: _____

ADDITIONAL RESTAURANT DEVELOPMENT PROGRAM ADDENDUM TO OPERATING AGREEMENT

Addendum to Operating Agreement (the “Agreement”) between Dairy Queen of Virginia, Inc. (“Territory Operator”) and _____ (“Licensee”), dated _____, 20____.

Notwithstanding any provision of the foregoing Agreement to the contrary, Territory Operator and Licensee agree as follows:

1. Initial Franchise Fee. Section 9.1. of the Agreement shall be deleted in its entirety. Licensee shall not be required to pay to Territory Operator any initial franchise fee.

2. Transfer Fee. Section 11.3(E)(1) of the Agreement shall be amended in its entirety to provide as follows:

(i) Together with the application for consent of the transfer, as described in Section 11.3(A), Licensee must pay to Territory Operator a transfer fee in the amount of \$5,500 as a fee for the evaluation of the proposed assignee, furnishing one copy of the Operations Manuals, and for any and all other expenses incurred and services rendered by Territory Operator in effecting the transfer. Territory Operator has the right, effective January 1, 2025, and on each 5-year anniversary thereafter, to increase the transfer fee by \$500 or more. If Territory Operator exercises Territory Operator’s right of first refusal or declines to give Territory Operator’s consent to a proposed transfer, Territory Operator shall return to Licensee the transfer fee, less any actual expenditures or disbursements made by Territory Operator in direct connection with evaluating or processing the proposed transfer, together with an itemized statement of any such costs for which Territory Operator reimburses itself from the transfer fee. The transfer fee is not refundable in whole or in part under any circumstances except as expressly stated in this Agreement. Territory Operator shall waive the transfer fee set forth in this section in the event of a transfer as set forth in Section 11.7.

(ii) In the event of any transfer of Licensee’s Dairy Queen license, as defined in Section 11.2, which requires the prior approval of Territory Operator and which takes place within 4 years of the commencement of the store’s or restaurant’s operation, Territory Operator may, at its election, require Licensee to pay, in addition to the transfer fee specified above, an additional restaurant development fee discount reimbursement charge, based on the following formula:

Transfer and Assignment Within

Transfer and assignment within 1 year of opening -	\$24,000
1 st year to 2 nd year -	\$20,800
2 nd year to 3 rd year -	\$16,800
3 rd year to 4 th year -	\$12,000

This additional restaurant development fee discount reimbursement charge reimburses Territory Operator for the loss of the initial franchise fee in respect to a DQ store or restaurant operation, which was waived. Territory Operator shall waive the transfer fee set forth in this section in the event of a transfer as set forth in Section 11.7.

3. Affirmation. Except as specifically amended by this Addendum, the Agreement shall be in full force and effect as written.

4. Effective Date. This Addendum shall be effective as of the date of the Agreement and shall terminate upon the transfer of the Agreement or the termination of the Agreement, whichever shall first occur.

LICENSEE:

WITNESS:

_____	_____
_____	_____
_____	_____

ATTEST:

TERRITORY OPERATOR

_____	By _____
_____	Its _____

LEASE ADDENDUM TO OPERATING AGREEMENT

This Lease Addendum (“Addendum”), dated _____, 20____, is entered into between _____ (“Lessor”), and _____ (“Lessee”).

RECITALS

- A. The parties have entered into a Lease Agreement, dated _____, 20____, (the “Lease”) for the premises located at _____ (the “Premises”).
- B. Lessee, as a licensee of Territory Operator (as defined below), has agreed to use the Premises only for the operation of a restaurant from the Premises pursuant to an Operating Agreement (the “Operating Agreement”) with _____ (“Territory Operator”) under the name “DQ/Dairy Queen,” “DQ/Orange Julius,” “DQ Grill & Chill,” or other name Territory Operator designates (the “Restaurant”).
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

Lessor and Lessee agree as follows:

1. Remodeling and Decor. Lessor agrees to allow Lessee to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Operating Agreement and any successor Operating Agreement under which Lessee may operate the Restaurant on the Premises.
2. Assignment. Lessee has the right to assign all of its right, title and interest in the Lease to Territory Operator, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Lessor's consent. No assignment will be effective, however, until Territory Operator or its designated affiliate gives Lessor written notice of its acceptance of the assignment. If Territory Operator elects to assume the lease under this subparagraph or unilaterally assumes the lease as provided for in subparagraphs 3(c) or 4(a), Lessor and Lessee agree that (i) Lessee will remain liable for the responsibilities and obligations, including amounts owed to Lessor, arising prior to the date of assignment, and (ii) Territory Operator will have the right to sublease or assign the Lease to another licensee, provided the licensee agrees to operate the Restaurant as a DQ Grill & Chill®, DQ®/Orange Julius® or DQ/ Dairy Queen® restaurant pursuant to an Operating Agreement with Territory Operator. Territory Operator will be responsible for the lease obligations incurred after the effective date of the assignment.
3. Default and Notice.
 - (a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor agrees to give Lessee and Territory Operator written notice of such default or violation within a reasonable time after Lessor knows of its occurrence. Lessor agrees to provide Territory Operator the written notice of default as written and on the same day Lessor gives it to Lessee. Although Territory Operator is under no obligation to cure the default, Territory Operator will notify Lessor if it intends to cure the default if Lessee does not, and to unilaterally assume Lessee's interest in the lease as provided in Paragraph 3(c). Territory Operator will have an additional

15 days from the expiration of Lessee's cure period in which to cure the default or violation.

- (b) All notices to Territory Operator must be sent by registered or certified mail, postage prepaid, to the following address:

Attention: _____

Territory Operator may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees to notify both Lessee and Territory Operator of any change in Lessor's mailing address to which notices should be sent.

- (c) Upon Lessee's default and failure to cure a default under either the Lease or the Operating Agreement, Territory Operator has the right (but not the obligation) upon curing Lessee's default, to unilaterally assume Lessee's interest in the Lease.

4. Termination or Expiration.

- (a) Lessor acknowledges that, upon the expiration or termination of the Operating Agreement, Territory Operator has the right (but not the obligation) to unilaterally assume Lessee's interest in the Lease and agrees that, if Territory Operator does so, Lessor will look to Territory Operator as the lessee under the Lease for and after such date, provided Lessor receives written notice of the assumption from Territory Operator.
- (b) Upon the expiration or termination of the Lease, Lessor agrees to cooperate and allow Territory Operator to enter the Premises, without cost and without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a DQ store or restaurant, and to make such other modifications as are reasonably necessary to protect the DQ system, and to distinguish the Premises from DQ stores and restaurants. In the event Territory Operator exercises its option to purchase assets of Lessee, Lessor agrees to permit Territory Operator to remove all such assets being purchased by Territory Operator.

5. Consideration; No Liability.

- (a) Lessor acknowledges that the provisions of this Addendum are required pursuant to the Operating Agreement and that Lessee may not operate a Restaurant on the Premises without this Addendum.
- (b) Lessor acknowledges that Lessee is not an agent or employee of Territory Operator and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Territory Operator, any affiliate of Territory Operator or its parent corporation and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Territory Operator, any affiliate of Territory Operator or its parent corporation, except as expressly set forth herein.
- (c) Nothing contained in this Addendum makes Territory Operator, its affiliates or its parent corporation a party or guarantor to the Lease, and does not create any

liability or obligation of Territory Operator, its affiliates or its parent corporation, except as expressly set forth herein.

6. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained Territory Operator's written consent.
7. Reaffirmation of Lease. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum.
8. Miscellaneous.
 - (a) Territory Operator is a third party beneficiary of this Addendum.
 - (b) References to the Lease and to the Operating Agreement include all amendments, addenda, extensions and renewals to the documents.
 - (c) References to Lessor, Lessee and Territory Operator include the successors and assigns of each of the parties.

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

LESSEE:

LESSOR:

By: _____

By: _____

Title: _____

Title: _____

Store #: _____
Authorized Location: _____

CONVERSION ADDENDUM TO OPERATING AGREEMENT

(For use with Dairy Queen®/Limited Brazier® to DQ Grill & Chill® conversion)

Addendum to operating agreement (“Agreement”) between Dairy Queen of Virginia, Inc. (“Territory Operator”) and _____ (“Licensee”) (“Addendum”).

Territory Operator is a licensee of American Dairy Queen Corporation (“Company”) in certain geographical areas, and is authorized to sublicense certain DQ® rights.

Territory Operator and Licensee are entering into the Agreement on the same date as this Addendum and want to modify the Agreement as follows:

1. **Initial Franchise Fee.** Section 9.1 of the Agreement is deleted. Licensee is not required to pay an initial franchise fee to Territory Operator.
2. **Continuing License Fee.** Section 9.2 of the Agreement is deleted and replaced with the following:

Licensee must pay to Territory Operator monthly a continuing license fee of:

(A) for DQ® soft-serve treat products, _____ *{Complete with Licensee’s contractual language from the Dairy Queen®/Limited Brazier® operating agreement}*; and

(B) for all other products, ____ % of Gross Sales *{Complete with percentage charged for Grill & Chill}*.

3. **Term.** Subsection 4.1 of the Agreement is deleted and replaced with the following:

{Complete with Licensee’s contractual language from the Dairy Queen®/Limited Brazier® operating agreement}

4. **Defined Terms.** All defined terms used in this Addendum but not defined have the same meaning given them in the Agreement.
5. **Construction.** In all other respects, the terms and conditions of the Agreement remain in effect as written.
6. **Effective Date.** This Addendum is effective on the Effective Date of the Agreement and terminates upon the earlier of the transfer or termination of the Agreement.

LICENSEE:

Signature: _____

Print Name: _____

Title: _____

Date: _____

TERRITORY OPERATOR:

DAIRY QUEEN OF VIRGINIA, INC.

Signature: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT C

Design Services Agreement



AMERICAN DAIRY QUEEN CORPORATION
DESIGN SERVICES AGREEMENT

LICENSEE: _____

ADDRESS: _____ DATE: _____

CITY/STATE: _____ STORE #: _____

PHONE: (C) _____ (H) _____

For a base fee of **\$3,000**, American Dairy Queen Corporation ("ADQ") shall provide for use by Licensee **FREESTANDING NEW RESTAURANT/PROTOTYPICAL DESIGN INTENT PLANS** in the form of electronically transferred plan files ("Plans"), which are to be used by the Licensee's consultants to prepare construction documents for bidding and construction use for a DQ Grill & Chill® restaurant or DQ® Treat store located at the following Authorized Location:

STREET: _____

CITY/STATE: _____

IMPORTANT: All Plans are and shall remain the property of ADQ. Plans are issued for use at the above address only. Any reproduction, use, or disclosure thereof to unauthorized persons or for any location other than that listed above is prohibited without the written consent of ADQ and subsequent purchase of plans for the proposed new location. Licensee (or its assigns) agrees to pay ADQ \$10,000 for each unauthorized use of the Plans.

Licensee must include the following language in any agreement with any contractor, architect, or other individuals doing work on the above-indicated store:

"The Prototypical Design Intent Plans" provided are the property of ADQ. Use of the plans and specifications is limited to the restaurant/store for which work is being contracted. The undersigned and its assigns agree to pay ADQ \$10,000 for each reproduction, use or disclosure thereof to unauthorized persons."

1. BUILDING DATA

A. Development Type	B. Building Type (check all applicable)
☐ NRD	☐ GC Core 34 (Food) ☐ Breakfast (Food)
☐ ARD	☐ GC Core 46 (Food) ☐ Mirror
☐ Relocation	☐ GC Core 60 (Food) ☐ Texas (Food)
☐ Replacement	☐ DQ/OJ Core 36 (Treat)
☐ Development Right	
☐ Territory Operator	

C. Send electronic HUB File download information to:

E-Mail Address: _____

2. CODE COMPLIANCE

- A. All Plans provided by ADQ are subject to final review and approval by the developer and/or landlord as well as the local building officials for Licensee's restaurant/store location.
- B. The Plans provided by ADQ are per Minnesota code and may not comply with specific state and local requirements throughout the country. IT IS THE LICENSEE'S RESPONSIBILITY TO VERIFY THE COMPLIANCE OF THESE PLANS WITH LOCAL, STATE AND FEDERAL LAWS AND BUILDING CODE REQUIREMENTS AND TO REVISE THE PLANS ACCORDINGLY. THE COST TO REVISE SUCH PLANS IS TO BE BORNE BY THE LICENSEE.
- C. Under the Americans with Disabilities Act ("Act"), certain handicap accessibility requirements are placed on any "person" who owns, leases, leases to, or operates a place of public accommodation. As an owner, lessor, or operator of a restaurant, ADQ Licensees are liable for failures to accommodate disabled people as provided for in the Act. While ADQ employs its best efforts to see that all plans prepared by it comply with the ADA Accessibility Guidelines, it is not an insurer of and does not guarantee compliance, and cannot be responsible for failures by Licensees, their architects, or their contractors to construct buildings that comply with the Act. Consequently, you are advised to seek your own legal counsel in regard to ADA Accessibility Compliance and to ensure that the contractors with whom you work are aware, knowledgeable about, and committed to producing buildings in compliance with the Act.

3. The purpose of the Plans is to establish the design and construction standards for the prototype building. These Plans identify the brand image, design components and DQ® standards required and include:

- A. Site design/Photometrics
- B. Equipment layout and specifications
- C. Exterior and interior building finishes
- D. Exterior and interior details
- E. Exterior Signage
- F. Structural drawings to be utilized for establishing structural component sizes and spans.
- G. Mechanical design
- H. Electrical design
- I. Plumbing design

4. It is the responsibility of the Licensee and its licensed professionals to determine the most appropriate building structural system for the selected site. The Plans specify wood

construction, however, an alternative system may be utilized that does not alter the building image and brand identity.

5. **OWNERSHIP AND MODIFICATIONS TO THE PLANS**--If the Plans are modified by anyone other than ADQ, Licensee shall submit a copy of the modified plans to ADQ for review and written approval. Construction of a modified building shall not commence without plan approval from ADQ. ADQ must approve in writing any proposed alteration to previously approved building plans, including those ADQ or designee prepares. Further, if your local architect makes revisions to ADQ Plans, these revisions shall become the property of ADQ, and ADQ has the right to use those plans in any manner in the future.
6. **EXPIRATION OF PLANS**--Plans provided by ADQ are valid for six months from the date of issuance. After the six-month time period, Plans will no longer be valid unless Licensee has obtained a written extension from ADQ.
7. **ACKNOWLEDGMENT OF LICENSEE'S CONSTRUCTION RESPONSIBILITIES**--See attached Exhibit "A."
8. **TO PROCEED**, you must first sign this Agreement and send it to:

AMERICAN DAIRY QUEEN CORPORATION
Attn: Architecture/Construction Dept.
8000 Tower, Suite 700
8331 Norman Center Drive
Bloomington, Minnesota 55437

Unless your store is a new ARD or NRD restaurant for which you paid the full, applicable initial franchise fee, you must include a check made payable to "American Dairy Queen Corporation" for payment of the base fee of \$3,000 indicated above.

9. **LIABILITY AND INDEMNIFICATION**--Licensee waives all claims against ADQ for damages to property or injuries to persons arising out of the design and/or construction of Licensee's building pursuant to this Agreement or in any way relating to the Plans or this Agreement. Licensee must fully protect, indemnify and defend ADQ and its affiliates and hold them harmless from and against any and all claims, demands, damages, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of, in connection with, or incident to the Plans, the franchised location, this Agreement (regardless of cause or any concurrent or contributing fault or negligence of ADQ) or any breach or failure to comply with this Agreement.
10. **INSURANCE**--Licensee must purchase and maintain, at its own expense, general liability insurance in an amount equal to the greater of (a) \$2,000,000 per occurrence or a higher amount that ADQ may in the future require of similarly situated Licensees, (b) the amount the lessor of the Restaurant premises may require or (c) the amount required under

Licensee's operating agreement for the location. The insurance coverage must start no later than the date Licensee begins construction. Licensee must deliver to ADQ a certificate of insurance and additional insured and other endorsements showing compliance with this section. The insurance coverage must:

- A. Insure Licensee, ADQ, ADQ's affiliates and any other person or entity designated by ADQ by name from liability for any and all such damage and injury;
- B. Be written with a company rated no less than "A" by AM Best Insurance Rating;
- C. Name ADQ and its affiliates as an additional insured; and
- D. Provide that ADQ will be given 30 days' prior written notice of material change in or termination or cancellation of the policy.

ADQ does not represent or warrant that any insurance that Licensee is required to purchase will provide adequate coverage for Licensee. The requirements of insurance specified in this Agreement are for ADQ's protection. Licensee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by ADQ.

- 11. **DISCLAIMER**--ADQ makes no warranty or representation regarding the Plans or any services or workmanship undertaken pursuant to those Plans. It is essential that Licensee performs its own due diligence to determine whether architects, contractors, and others are qualified and right for the needs of the project. It is Licensee's sole responsibility to ensure that it complies with all applicable federal, state, and local laws, codes and regulations.
- 12. **ACKNOWLEDGMENT**--The undersigned have read and understood the above-stated description of services to be provided by ADQ and the attached Exhibit A (Acknowledgment of Licensee's Construction Responsibilities). Furthermore, the Licensee understands that the scope of service to be provided for the base fee indicated is specifically limited to that which is described herein.

LICENSEE

BY:

Date _____

AMERICAN DAIRY QUEEN CORPORATION

BY:

Date _____

EXHIBIT "A"

ACKNOWLEDGMENT OF LICENSEE'S CONSTRUCTION RESPONSIBILITIES

GENERAL

1. ENVIRONMENTAL SURVEYS/SOILS TESTING--It is the sole responsibility of Licensee to perform all environmental surveys of the property, including soils tests, and ADQ expressly disclaims any responsibility or liability for the environmental surveys. Soils tests shall include recommendations on building footings, foundation, and parking lot construction. It is STRONGLY recommended by ADQ that a qualified expert perform any tests prior to the purchase or lease of any property.
2. SITE INFORMATION--If a site feasibility drawing was prepared by ADQ for the location, its intent is to show, on a preliminary basis only, the relationship of the building and parking lot within the site. It is not a construction document but rather a guide for a civil engineer. Licensee should contract with a civil engineer to prepare drawings for the location. These drawings should include, but are not limited to:
 - A. Topography and boundary survey
 - B. Drainage/water retention plan
 - C. Final site and grading plan setting building floor slab elevation
 - D. Utilities connections from the building to sources off site
 - E. Site details (i.e., curb detail, parking lot section, culvert/ drain details, etc.)

BIDDING THE PROJECT

1. It is recommended that Licensee secure at least three bids from qualified, licensed contractors for the project. The contractors should submit an A.I.A. document A305-Contractor's Qualification Statement with their bid. This will provide background information on the contractor.
2. Items required by the contractors to bid the project include the drawings, specifications, owner supplied civil drawings, and a copy of the soils report.
3. It is ADQ's recommendation that Licensee require the bidding contractors to include in their bids to Licensee a performance bond equal in price to that of the proposed contract sum. This requirement should be made known to the bidding contractors at the time of letting the project out for bid.

SITE WORK

1. A provision has been made within the drawings for landscaping. It is recommended that Licensee contract with a local landscape architect to prepare the drawings and incorporate them into the site drawings. This should be a part of the general contractor's price, and Licensee should ensure contractors provide bids for this work.
2. Site lighting is indicated on the site feasibility plan. Refer to the plan electrical sheets for exact specifications of light fixtures. Verify local code requirements for specific lighting regulations.
3. The trash enclosure matches the aesthetics of the building. Licensee should inform the site engineer so that a detail can be provided within the site documents.
4. If Licensee is contemplating an underground sprinkler system in the future, a 4" PVC pipe should be laid underneath the drive aisles adjacent to landscape areas to facilitate waterlines without trenching the new paving.

BUILDING PLANS

1. No provision has been made for a floor safe. If one is desired by Licensee, he/she needs to inform the contractors at bid letting.
2. The footing and foundation depths on the drawings are illustrative only. Foundation requirements are to be made on a site specific basis and are dependent on local codes, ordinances and soils test results.
3. If a washer and dryer will be used in the building, electrical and plumbing connections need to be provided. Licensee should communicate this requirement to contractors prior to bidding.
4. The HVAC units on the roof are sized based on design load calculations and an average yearly temperature in the state of Minnesota. Heat loss/heat gain calculations need to be made by a mechanical engineer taking into consideration design load at the store location. The size of the unit may have to be adjusted. The need for a heat loss/gain calculation should be brought to the attention of the bidding contractors.
5. If a fireplace for the interior or exterior is to be installed (upon approval by ADQ) all specifications must comply with governing codes and regulations including safety protections from heat.

LICENSEE SUPPLIED ITEMS

1. There are several building components Licensee is to provide to the general contractor, which Licensee can purchase through N. Wasserstrom & Sons or its designee. Because of long lead time requirements, it is essential that Licensee order these items prior to ground break so as to not impede construction. These items may include:
 - A. Exhaust hoods
 - B. Decor item(s)
 - D. D.T. window
 - E. Walk-in cooler/freezer
 - F. Soft serve machines
 - G. Magnetic loop drive-thru detection system
 - H. Fryers
2. If Licensee is to supply any other items related to the construction of the store, these items should be identified prior to requesting bids in order to avoid double bidding. These items may include but are not limited to the following:
 - a) Mood Media (music system)
 - b) Integrated Technology Platform
 - c) Soft Drink System
 - d) Linen Supply (toilet accessories, hand washing supplies)
 - e) Menu Boards
 - f) Signage
 - g) Grease Retrieval

RECOMMENDED MINIMUM REQUIREMENTS FOR LAND TITLE SURVEYS
WITH TOPOGRAPHIC & PUBLIC UTILITY DATA

All surveys must meet the following minimum requirements:

Physical Requirements

1. Survey shall be prepared at minimum of 1" = 20'.
2. Topography is to be shown on a 25' grid and shall include an area 100' outside of the described property.
3. A location vicinity map shall be provided.
4. A north arrow shall be shown.
5. The street address as it will appear in the records of the local municipality.
6. A complete and accurate, metes-and-bounds description to supplement lot, block, and tract number type information, but describes only the land surveyed.
7. Property lines with bearings, distances, arc length, chord, angle and radii, corner monuments identified; show P.O.B. of description and true P.O.B.; locate all easements of record and common usage. Note if calls are of record and/or as measured.
8. The area of the tract shall be shown in either square footage or acreage to the nearest one thousandth of an acre.
9. All existing trees, adjacent roadways, utility locations, power poles, building lines and easements recorded or apparent unrecorded are to be shown.
10. All existing improvements on or within 50' of the described property are to be shown and identified as to type and general condition.
11. Flow line elevations at sanitary and storm sewers are to be shown.
12. The condition of existing sidewalks, curb, gutters and adjacent streets shall be indicated.
13. Utilities--Locate all public and private utility lines adjoining or that will serve the property. Show size, type, manhole invert and rim elevation, direction of flow, utility pole identification numbers, valves, fire hydrants, traffic signal and street light poles, catch basins, drainage structures, etc. Include sanitary and storm sewers, natural gas, electrical, water, and telephone numbers.

14. Street--Rights-of-way lines and proposed future dedications. Public roadways or rights-of-way adjacent to the surveyed property. Street median or other left turn barriers. Note ownership, jurisdiction, name and identification number of streets and highways.
15. Off-Site Improvements--Provide design standards for curb cuts, driveway approaches, new curb and gutters, sidewalks, curb and gutter elevations.
16. Show all monuments, stakes, or marks found or placed and note which were found and which were placed. Interior parcel lines must clearly indicate contiguity, gores and/or overlaps.
17. Show the locations, dimensions and type of all buildings on the surveyed property. Show their location by the shortest dimension of the exterior boundaries and their relationship to any known setback lines.
18. As a result of having viewed the property with reasonable diligence, show any physical evidence of possible easements such as roads, rights-of-way, railroads, drains, telephone, television cable service, telegraph or electric lines, water, sewer, oil or gas pipelines, driveways, billboards, etc. if they are on or run across the surveyed property and appear to serve the public or adjoining property owners. If there are any surface indications of underground easements such as manholes, pipeline markers, sewer or drain outlets, disturbed earth, etc. on (or near, if pertinent) the surveyed property, show them.
19. Show the existence of any lakes, ditches, streams, drainage basins or rivers running through or bordering on the premises being surveyed.
20. All field measurements must be balanced both as to angles and distances so as to provide a mathematical closure. Show the basis of bearings, assumed or otherwise. The plat of survey shall show the following information for any curve: length of arc, radius, central angle and bearing to the radius point from the beginning and end points of the curve.
21. Each survey shall be dated as to month, day and year on which property was surveyed.
22. Each survey shall be signed and sealed by the registered surveyor by whom, or under whose direction, such survey was made.

EXHIBIT D

Draft Authorization Form

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION



NEW	CHANGE

Restaurant/Store # _____
Location _____
Date: _____

Attention: Bookkeeping Department

The undersigned hereby authorizes Dairy Queen of Virginia, Inc., or any subsidiary corporation, to initiate ACH debit entries against the account of the undersigned with you in payment of amounts which become payable for goods and services by the undersigned to any of the above.

You are hereby directed to honor any such ACH debit entry initiated by any or all of the corporations referred to above subject to the provisions of this authorization.

This authorization will be binding and remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned will be responsible for, and will pay on demand, all costs or changes relating to the handling of ACH debit entries pursuant to this authorization.

Please honor ACH debit entries initiated in accordance with the terms of this authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

We also need a VOIDED Check

Account Name

Street Address

City State Zip Code

By _____

Its _____

Date _____

Bank Name

Street Address

City State Zip Code

Bank's Account Number

Customer's Account Number

EXHIBIT E

Gift Card Participation Agreement



EXECUTION

UNITED STATES

the Gift Card enrollment packet. If you have any questions in completing these forms please contact the Gift Card Franchisee Support Help Desk at 1(866) 874-7901.

*****Missing information will result in application rejection, required resubmission and set up delays.**

EXHIBIT F

**Territory Operator's Subfranchisees
(As of February 28, 2023)**

CITY	ADDRESS	ZIP CODE	PHONE NUMBER	FRANCHISEE	CONTACT
Abingdon	798 W. Main Street	24210	276-619-5747	Dairy Queen of Abingdon, LLC	Edward Cozart
Abingdon	2440 Maringo Drive	24211	276-525-1955	Dairy Queen of Falcon Place, LLC	Edward Cozart
Alexandria	6446 Lansdowne Center	22315	703-550-2100	Shah Paran, Corporation	Bahar Syed
Alexandria	1470-B N. Beauregard Street	22311	703-931-9400	Chowdhury & Syed, Inc.	Bahar Syed
Appomattox	2113 Confederate Blvd	24522	434-352-7411	SHIVKRISHNA LLC	Jigar Raval
Ashburn	44050 Ashburn Plaza Ste #183	20147	703-726-9622	Tasneem, Inc.	Khan Islam
Bealeton	11069 Marsh Road	22712	540-439-7052	E.E. Wine Inc	Carl Hitt
Bedford	1502 Longwood Avenue	24523	540-874-4677	Bedford Dairy Queen Inc.	Corrine Richards
Big Stone Gap	516 E. Fifth Street	24219	Khushbu Patel	North Star 412 Inc	Khushbu Patel
Bland	8006 S. Scenic Hwy.	24315	276-688-3645	The Pantry Inc.	Mark Jaworski
Bridgewater	506 N. Main Street	22812	540-828-0939	Commonwealth Hospitality, corp.	Joel Slocum
Bristol	2960 Paulena Drive	24202	276-642-0060	Dairy Queen of Bristol, LLC	Edward Cozart
Burke	6050-E Burke Commons Road	22015	703-426-2440	S. Omar, Ltd	Omar Farooque
Centreville	13840-C Braddock Road	20121	703-266-1036	SS & SA LLC	Nara "Harry" Adhikari
Charlottesville	1777 Fortune Park Rd	22191	434-964-9595	Treats for Life LLC	Devak Patel
Chantilly	13905-A Metro Tech Drive	20151	703-236-3316	HRK Corporation	Habibur R. Khan
Chesapeake	200 S. Battlefield Blvd	23322	757-482-5658	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Chesapeake	943 North Battlefield Blvd	23230	757-312-8989	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Chesapeake	3220 Western Branch Blvd	23321	757-686-4817	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Chesapeake	4024 Portsmouth Blvd	23321	757-488-1860	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Christiansburg	2257 Roanoke St. P.O. Bx. 1499	24068	540-381-8451	Christiansburg QD LLC	Cody Pasco
Clifton Forge	309 W. Ridgeway Street	24422	540-863-3791	Krishaliabbas	Khusbu Patel
Colonial Heights	2011 Boulevard Ave.	23834	804-520-6080	Walcorp, Inc.	Robby Waldrop
Courtland	27490 Southampton Parkway	23837	757-653-0808	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Crozet	1248 Crozet Avenue	22932	434-823-6585	GPM Southeast, LLC	Sharon Trow
Culpeper	16125 Ira Hoffman Lane	22701	540-718-1930	Jones of Madison 2 Inc	Nicole Jones
Dale City	4381 Dale Boulevard	22193	703-670-6616	Radheya & Yves, LLC	Rebecca Visperas
Danville	2909 Riverside Drive	24540	434-791-2156	DQ of Danville, Inc.	David Arrington
Dublin	5149 State Park Road	24084	540-674-8015	The Pantry Inc.	Mark Jaworski
Elkton	108 Blue & Gold Drive	22801	540-298-2800	Commonwealth Hospitality, Inc.	Joel Slocum
Fairfax	4076 Jermantown Road	22030	703-359-2875	K & S Foods LLC	Sabin Thapa
Fairfax Station	9011 Silver Brook Road	22039	703-495-8840	Mohammed A. K. Mollah	Mohammed Mollah
Falls Church	3527 S. Jefferson St.	22041	703-931-7183	S. Omar Ltd	Omar Farooque
Ferrum	9737 Franklin Street	24088	540-365-6400	Arrington Enterprises Inc	David Arrington
Franklin	1418 Armory Dr	23851	757-562-5124	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Fredericksburg	10907 Courthouse Road	22408	540-898-0077	Terry Hawley	Terry Hawley
Fredericksburg	207 Kings Highway	22405	540-373-6721	Munni Enterprises, Inc.	Jaman Rahman
Fredericksburg	535 Spotsylvania Mall	22407	540-785-4262	Thapa Foods, LLC	Sabin Thapa
Glen Allen	4028-N Cox Road	23060	804-270-1375	Joshi Ventures LLC	Rohit Joshi
Gretna	1304 W. Gretna Road	24557	434-656-6009	Michael & Debra Lewis	Mike Lewis
Hampton	219 Fox Hill Road	23669	757-848-1534	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Harrisonburg	78 S. Carleton Street	22801	540-433-9585	Fact Enterprises LLC	Jane Blackburn
Harrisonburg	1751-A Virginia Avenue	22802	540-433-8308	FACT Enterprises, Inc.	Jane Blackburn
Herndon	742 Lynn Street	20170	703-481-6173	A.Q.M."Zaki" Zakaria	Zaki Zakaria
Hopewell	5201 Oakland Boulevard	23860	804-458-0515	S & H Fast Foods, Inc.	Said Ballout
Kingstowne	5810 Kingstowne Center	22315	703-719-9885	Thesylhet, Inc.	Bahar Syed
Leesburg	548 Fort Evans Plaza II	20176	703-771-4911	DQ Leesburg, LLC	A.Q.M. Zakaria

CITY	ADDRESS	ZIP CODE	PHONE NUMBER	FRANCHISEE	CONTACT
Lexington	874 North Lee Highway	24450	540-463-1927	Avadhoot Group II, LLC	Maulesh K. Raval
Louisa	911 Cross County Road	23117	804-556-6021	Gum Ventures, Inc.	Nancy Kaur
Lynchburg	4980 South Amherst Highway	24572	434-846-8613	Avadhoot Group Madison Heights LLC.	Maulesh K Raval
Lynchburg	8021 Timberlake Road	24502	434-237-7030	Avadhoot Group II, LLC	Maulesh K Raval
Manassas	11702 Sudley Manor Drive	20109	703-335-2875	B.K.I., Inc.	Kyoung Mi Lee
Max Meadows	152 Major Grahams Road	24360	276-637-6488	The Pantry Inc.	Mark Jaworski
Midlothian	14031 Midlothian Turnpike	23113	804-357-0120	RVADQ LLC	Jane Blackburn
Midlothian	3900 N. Bailey Bridge Road	23112	804-763-3200	T&M Treats, Inc.	Sam Aboulhosn
Montclair	5061 Waterway Drive	22026	703-580-1240	HFFA, Inc.	Harun Rashid
New Kent	6201 Chesapeake Circle	23124	804-966-8400	Lebanese Cuisine, LLC	Antar Abouzaki
Newport News	12300 Jefferson Avenue #716	23607	757-249-5540	Yasmeen Dosani	Yasmeen Dosani
Newport News	12999 Warwick Boulevard	23602	757-249-9022	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Norfolk	9636 Granby Street	23503	757-588-2395	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Norton	412 Coeburn Avenue	24273	540-750-9966	North Star 412 Inc	Khushbu Patel
Pearisburg	503 N Main Street	24134	540-921-1476	Rick & Carolyn Witt	Rick Witt
Richcreek	868 Federal Street	24147	540-726-3133	University Dairy Queen, Inc.	Rick Witt
Richmond	807 E. Parham Road	23227	804-261-4802	Garbatela Friendly, LLC	Antar Abouzaki
Roanoke	2350 Orange Avenue N.E.	24012	540-343-9556	AG Orange LLC	Maulesh K Raval
Roanoke	3226 Brandon Avenue S.W.	24018	540-344-8200	Boudy Enterprises, Inc.	Bob Mick
Rocky Mount	995 Franklin Street	24151	540-483-7987	Arrington Enterprises	David Arrington
Rocky Mount	20430 Virgil H. Goode Highway	24151	540-334-2977	Arrington Enterprises	L.D. Arrington
Ruther Glen	23845 Rogers Clark Blvd	22546	804-448-9822	Love's Travel Stores	Joe Cotton
Salem	14 Wildwood Rd	24153	540-389-1366	University Dairy Queen, Inc	Rick Witt
South Riding	25401 Eastern Marketplace	20152	703-327-4686	S. Omar Ltd	Omar Farooque
Springfield	5230-C Port Royal Road	22151	703-321-1820	Abis Corporation	Bahar Syed
Stuarts Draft	2647 Stuarts Draft Highway	24477	540-337-4115	Commonwealth Hospitality, Inc.	Joel Slocum
Vasant	18856 Riverside Dr. P.O. Bx. 1854	24656	276-935-8711	LyonLee Company, Inc.	Cindy Moore
Varina	3275 New Market Road	23231	804-795-4957	Zaki's, LLC	Nayef Abouzaki
Verona	79 Lee Highway	24482	540-248-0626	Commonwealth Hospitality, Inc.	Joel Slocum
Vienna	304 Maple Avenue West	22180	703-242-3820	SS & SA, LC	Sita & Nara Adhikari
Virginia Beach	1324 Kempsville Road	23464	757-474-1838	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Virginia Beach	3843 Holland Road	23451	757-321-2747	Holland Development, Inc.	Richard Maddox
Virginia Beach	1093 Independence Boulevard	23455	757-363-9432	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Virginia Beach	1609 Atlantic Avenue	23451	757-422-9342	Seagate Development Corp.	Richard Maddox
Virginia Beach	1585 General Booth Boulevard	23454	757-425-6762	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Virginia Beach	1925 Landstown Center Way #260	23456	757-562-7178	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Warsaw	5031 Richmond Rd	22572	804-250-2295	Warsaw Properties LLC	Lloyd Bradley
Winchester	2291 Valley Avenue	22601	540-662-7607	Wash J & L, Inc.	Roger Peterson
Windsor	61 W. Windsor Boulevard	23487	757-242-6446	Mid Atlantic Dairy Queen, LLC	Mitch Sandlin
Woodbridge	12465 Dillingham Square	22192	703-590-6330	NMS Lakeridge Inc	Deepak Shrestha
Woodford	5115 Mudd Tavern Road	22580	781-398-4205	Global Montello Group Corp	Sean T. Geary
Wytheville	1318 East Lee Highway	24382	276-228-2522	Pilot Travel Centers LLC	Shannon Swafford

Franchise Agreements Signed but not Open as of 02/28/2023				
CITY	FRANCHISEE	STREET ADDRESS	ZIP CODE	Email Address
Fredericksburg	NMS QSR LLC	TBD	TBD	sks@u-email.com
Yorktown	MADQ Yorktown/Mitch Sandlin	TBD	TBD	bbailey@madqlc.com
Daleville	Jiana.Inc.	Daleville Town Center Street	24083	dqdaleville@gmail.com
Kilmarnock	Kilmarnock Properties LLC	433 North Main Street	22482	lbsr@petroleumcarriers.com

If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

EXHIBIT G

**Territory Operator's Former Subfranchisees
(Left the System in Fiscal Year Ended February 28, 2023)**

TRANSFERS

Randy Yeiser
Culpepper VA
540-229-8344

*Dickie and Lynn Smith
Norton, CA
276-393-3295

Miller Oil
Sean T. Geary
Woodford, VA
781-398-4205

NON-RENEWALS

None

CEASED OPERATIONS FOR OTHER REASONS

Wesam Danial (no current contact information)

Ryland Ford (no current contact information)

TERMINATIONS

None

*These franchisees transferred 2 stores.

If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

EXHIBIT H

ADQ's Franchisees

(As of December 31, 2022)

**FRANCHISED DQ GRILL & CHILL RESTAURANTS IN OPERATING
AS OF DECEMBER 31, 2022**

DQ GRILL & CHILL FRANCHISED LOCATIONS 2022					
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE
Circle K Stores Inc	2105 Ten Rd	Apex	NC	27539-8134	(919) 387-3809
Bazmi LLC / Momin, Rizwan / Momin, Raishali Y / Momin, Oveshali / Momin, Sohail F	2304 Hendersonville Rd	Arden	NC	28704-2761	(828) 687-1883
Fourteen Foods LLC	707 E Dixie Dr	Asheboro	NC	27203-7038	(336) 953-2326
Southeast Energy LLC / First Coast Energy LLP	301 Smokey Park Hwy	Asheville	NC	28806-1026	(828) 665-7799
Fourteen Foods LLC	502 Huffman Mill Rd	Burlington	NC	27215-5121	(336) 639-0220
Walnut Treats LLC / Valkanoff, Andrew P / Valkanoff, Christina C / Valkanoff, Dennis C / Valkanoff, Maryellen A	631 Walnut St	Cary	NC	27511-4223	(919) 465-2100
Mansa Travel Center Charlotte LLC / Shah, Raken / Shah, Jaymin R	1339 W Sugar Creek Rd	Charlotte	NC	28262-4939	(980) 225-7992
Me Buffalo Enterprises Inc / Buffalo, Michael E	11697 US Highway 70 W	Clayton	NC	27520-2266	(919) 553-2529
HRARG Dairy Denver LLC / HRA Restaurant Group LLC / Hannay, R Craig / Diversified Restaurant Mangement Services LLC / Starnes Sr, Kenneth E	416 Atwater Ln	Denver	NC	28037-0258	(980) 222-7497
Jed Foods LLC / Douthat, Mary E	2359 Zephyr Rd	Dobson	NC	27017-7778	(336) 353-9475
Edenton Treats LLC / Patel, Kashyap B / Patel, Hitarthi H / Patel, Pinalkumar B	706 N Broad St	Edenton	NC	27932-1405	(252) 482-0718
Vedom Inc / Patel, Pinalkumar B / Patel, Sandip / Patel, Kashyap B	509 W Ehring Haus St	Elizabeth City	NC	27909-4929	(252) 335-4912
Geraghty Enterprises Inc / Geraghty, Kevin E / Graham, Claudia G / Pagani-Geraghty, Nancy P	8307 Emerald Dr	Emerald Isle	NC	28594-2720	(252) 354-9024
McKee, Teri G	3035 Legion Rd Ste 110	Fayetteville	NC	28306-4004	(910) 424-5491
Kausar Inc / Bhonhariya, Abdulrahim N / Momin, Maksudali M / Ali, Uzma I / Momin, Asim A / Momin, Aymanzahera	3128 Union Rd	Gastonia	NC	28056-6922	(704) 685-9558
Tai Ji Enterprise Inc / Wu, Zong Qin / Wu, Ze Guang	3221 E 10th St	Greenville	NC	27858-4257	(252) 830-8888
Fourteen Foods LLC	913 S. Memorial Drive	Greenville	NC	27834	(252) 408-4310
Refuel Operating Company LLC	543 W Hamlet Ave	Hamlet	NC	28345-2623	(910) 557-5362
Southeast Energy LLC / First Coast Energy LLP	5445 Asheville Hwy Ste 10	Hendersonville	NC	28791-8024	(828) 654-9594
Zaynab Inc / Bhonhariya, Abdulrahim N / Momin, Maksudali M	1513 N Marine Blvd	Jacksonville	NC	28540-6476	(910) 455-1515
Shree Khodiar Corporation / Patel, Praful M / Patel, Urmila P / Patel, Satyam P	1458 Jag Branch Blvd	Kernersville	NC	27284-6956	(336) 310-4659
Fourteen Foods LLC	344 Blowing Rock Blvd	Lenoir	NC	28645-4406	(828) 302-2858
Refuel Operating Company LLC	400 W Roosevelt Blvd	Monroe	NC	28110-3538	(704) 776-4424
Hamad, Samer A	2302a Arendell St	Morehead City	NC	28557-3968	(252) 726-5647
Mad Treats Inc / Valkanoff, Dennis C / Valkanoff, Maryellen A / Valkanoff, Andrew P	1008 Morrisville - Carpenter Rd	Morrisville	NC	27560-9533	(919) 467-6753
Sohail & Mian Incorporated / Mehmood, Sohail	121 Parker Padgett Rd	Old Fort	NC	28762-9748	(828) 668-7511
Mad Treats Inc / Valkanoff, Dennis C / Valkanoff, Maryellen A / Valkanoff, Andrew P	5260 New Bern Ave	Raleigh	NC	27610-1428	(919) 792-0127

DQ GRILL & CHILL FRANCHISED LOCATIONS 2022					
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE
New Dixie Oil Corporation / Aman, T Scott	1915 Julian R Allsbrook Hwy	Roanoke Rapids	NC	27870-5122	(252) 537-2479
Fourteen Foods LLC	1321 Benvenue Rd	Rocky Mount	NC	27804-1804	(252) 205-8261
Sanford Treats LLC / Valkanoff, Andrew P / Valkanoff, Christina C	2831 S Horner Blvd	Sanford	NC	27332-8037	(919) 708-9091
DMQ Inc / Alkurdasi, Mahmoud Belal	1025 Outlet Center Dr, Ste 910	Smithfield	NC	27577-6020	(919) 934-0066
Sneads Ferry Foods Inc / Anglin, Jody	110 Robert Snead Pky	Sneads Ferry	NC	28460	(910) 327-0404
Circle K Stores Inc	131 Turnersburg Hwy	Statesville	NC	28625-2721	(704) 873-1841
Toes In The Water Investments Inc / Davis, John L / Davis, Jennifer B	709 W Corbett Ave	Swansboro	NC	28584-8453	(910) 326-2828
Southeast Energy LLC / First Coast Energy LLP	200 E Main St	Sylva	NC	28779-2811	(828) 586-5327
Venus Plaza Jce LLC / Anjaniya, Rahul / Brahmbhatt, Darshak / Modi, Nirav V / Patel, Axay A / Shah, Nisit J	4001 Pembroke Ln	Wade	NC	28395-9054	(910) 491-7605
Southeast Energy LLC / First Coast Energy LLP	112 Monticello Rd	Weaverville	NC	28787-8931	(828) 645-7700
Fourteen Foods LLC	1117 Brentway Ave	Williamston	NC	27892-7561	(252) 792-2772
Fourteen Foods LLC	4155 S Memorial Dr	Winterville	NC	28590-8619	(252) 551-0548

**ADQ GRILL & CHILL FRANCHISEES WHO HAVE SIGNED OPERATING AGREEMENTS,
BUT THE RESTAURANT IS NOT YET OPEN 2022**

DQ GRILL & CHILL FRANCHISEES WHO HAVE SIGNED AN OPERATING AGREEMENT, BUT NOT YET OPENED LOCATION 2022			
Franchisee(s)	City	ST	Phone
QSR 17 LLC / Modi, Nirav V / Brahmbhatt, Jeet D / Brahmbhatt, Anjaniya, Rahul / Shah, Nisit J / Patel, Arvind S	Lumberton	NC	(910) 736-7876

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or us.

**SUBFRANCHISED DQ GRILL & CHILL AND DAIRY QUEEN/BRAZIER RESTAURANTS IN
OPERATING AS OF DECEMBER 31, 2022**

DQ GRILL & CHILL SUBFRANCHISED RESTAURANT LOCATIONS 2022					
SUBFRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE
Food Enterprise Inc / James, R Leo	1137 Tsali Blvd	Cherokee	NC	28719-7200	(828) 497-4461
Dairy Queen Of Cleveland County / Rachels Jr, C Milton	814 S Dekalb St	Shelby	NC	28150-5933	(704) 482-6681

FRANCHISED DQ TREAT STORE LOCATIONS OPERATING AS OF DECEMBER 31, 2022

DQ TREAT FRANCHISED STORE LOCATIONS OPERATING AS OF DECEMBER 31, 2022					
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE
Refuel Operating Company LLC	1904 US Highway 52 N	Albemarle	NC	28001-8505	(704) 986-2822
Hamad, Summer / Hamad, Samer A	2610 W Fort Macon Rd	Atlantic Beach	NC	28512-5344	(252) 726-3039
Doerr Inc / Holian, Thomas G (Estate) / Doerr, Bradley W	39774 Hwy 12	Avon	NC	27915	(252) 986-5075

DQ TREAT FRANCHISED STORE LOCATIONS OPERATING AS OF DECEMBER 31, 2022					
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE
Refuel Operating Company LLC	520 E Main St	Biscoe	NC	27209-9779	(910) 828-4101
Circle K Stores Inc	2531 NC Highway 87 S	Cameron	NC	28326-7691	(919) 499-9712
Cason Companies Inc / Gould, John B	761 Champion Dr	Canton	NC	28716-3027	(828) 648-8517
Walters, Lacy / Walters, Blenda	2732 Wilkinson Blvd	Charlotte	NC	28208-5618	(704) 399-1385
Ayushi Foods Corporation / Ghetia, Amit K	3020 Prosperity Church Rd	Charlotte	NC	28269-7197	(704) 547-8886
Infinite Dream LLC / Sotoudehasl, Farshad / Nematzadeh, Reza	108B S Sharon Amity Rd	Charlotte	NC	28211-0200	(704) 367-9151
Peterson Jr, William P	1837 Southeast Blvd	Clinton	NC	28328-4753	(910) 592-1844
Shamim Inc / Bhonhariya, Abdulrahim N / Momin, Asim A / Momin, Maksudali M / Ali, Uzma I	Monteray Plaza Shopping Center	Corolla	NC	27927-9610	(252) 597-1708
Sadler Brothers Oil Company Inc / Sadler, Herman M	65 Sadler Rd	Dunn	NC	28334-5180	(910) 897-0123
Sweet Investments LLC / Moore, Thomas W / Moore, Ronald M / Williams, Leslie T / Willis, Stacey M	430 Westwood Shopping Center	Fayetteville	NC	28314-1532	(910) 860-4475
Refuel Operating Company LLC	6047 Camden Rd	Fayetteville	NC	28306-7209	(910) 223-5115
Refuel Operating Company LLC	8285 Cliffdale Rd	Fayetteville	NC	28314-5851	(910) 223-7447
Fuquay Treats LLC / Valkanoff, Andrew P / Valkanoff, Christina C	1408 N Main St	Fuquay Varina	NC	27526-8901	(919) 567-3738
Kausar Inc / Bhonhariya, Abdulrahim N / Momin, Maksudali M / Ali, Uzma I / Momin, Asim A / Momin, Aymanzahera	904 E Franklin Blvd	Gastonia	NC	28054-4242	(704) 917-1001
SMZ Inc / Hamad, Samer A / Mansfield, Mark F	Market Place Shopping Center	Goldsboro	NC	27534-2261	(919) 736-7774
Basily LLC / Basily, Maged R / Basily, Mary I	1708 Stanley Rd E	Greensboro	NC	27407-2741	(336) 851-5345
Bhonhariya, Abdulrahim N / Bhonhariya, Shamim A	120 W Main St	Havelock	NC	28532-2675	(252) 652-6465
Pilot Travel Centers LLC	1044 Jimmy Kerr Rd	Haw River	NC	27258-9626	(336) 578-1333
Burns, Patricia	1124 1st Ave SW	Hickory	NC	28602-2606	(828) 327-0236
Thomas, Laverne M (Estate)	200 Wilmington Hwy (Hwy 17 S)	Jacksonville	NC	28540-3506	(910) 455-2510
Corbitt Partners LLC / Meier, Delia Moon	923 Johnston Pkwy	Kenly	NC	27542-7502	(919) 502-7044
Dairy Queen of The Outer Banks Inc / Overrun I LLC	109 E Ocean Bay Blvd	Kill Devil Hills	NC	27948-6918	(252) 480-2342
Circle K Stores Inc	1627 E Main St	Lincolnton	NC	28092-3946	(704) 735-3779
Refuel Operating Company LLC	1204 W Main St	Locust	NC	28097-8734	(704) 781-0468
SMZ Inc / Hamad, Samer A / Mansfield, Mark F	317 S Bickett Blvd	Louisburg	NC	27549-2701	(919) 496-1555
Anytable Inc / Lennon Iii, Wayland B	5030 Fayetteville Rd Ste B	Lumberton	NC	28358-2108	(910) 674-4557
Buster & Dill LLC / Mangum, Robert E / Mangum, Dana R	1819 Matthews Township Pkwy Ste 900	Matthews	NC	28105-1790	(704) 847-8085
2B3G LLC / Alexander, David W / Dailey, David Josh	223 Medical Park Rd	Mooresville	NC	28117-8542	(704) 799-0270
Kausar-Sara Inc / Bhonhariya, Abdulrahim N / Momin, Maksudali M / Ali, Uzma I	2401 Dr M L King Jr Blvd	New Bern	NC	28562-4423	(252) 637-6457
Hamad, Samer A	NC Aquarium	Pine Knoll Shores	NC	28512-6813	(252) 222-0201
Fresh Starts LLC / Hamad, Samer A	Brier Creek Commons	Raleigh	NC	27617-7327	(919) 484-2230

DQ TREAT FRANCHISED STORE LOCATIONS OPERATING AS OF DECEMBER 31, 2022					
FRANCHISEE GROUP	ADDRESS	CITY	ST	ZIP	PHONE
Happy Treats Inc / Cloninger, Jeanna B	110 W Broad Ave	Rockingham	NC	28379-3670	(910) 895-5386
Circle K Stores Inc	2204 Jefferson Davis Hwy	Sanford	NC	27330-8972	(919) 777-7255
Refuel Operating Company LLC	1035 S Knoll Rd	Southern Pines	NC	28387-6141	(910) 695-1994
One Ganesh Ventures LLC / Patel, Devak Pranav	12271 Capital Blvd	Wake Forest	NC	27587-6200	(919) 554-2564
Doerr Inc / Holian, Thomas G (Estate) / Doerr, Bradley W	25199 Lela Ct	Waves	NC	27982	(252) 987-5061
Womble, Harry G (Estate)	1608 White Lake Dr	White Lake	NC	28337-9649	(910) 862-4064
Berawi LLC / Hamad, Belal	3800 Nash St N	Wilson	NC	27896-1121	(252) 234-0336

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or us.

SUBFRANCHISED DQ TREAT STORE LOCATIONS OPERATING AS OF DECEMBER 31, 2022

DQ TREAT SUBFRANCHISED LOCATIONS 2022					
SUBFRANCHISE GROUP	ADDRESS	CITY	ST	ZIP CODE	PHONE
Anika Foods Inc / Ghetia, Amit K	Eastway Crossing Shopping Ctr 3054 Eastway Dr	Charlotte	NC	28205-5642	(980) 335-1164
Carolina Dairy Queens Inc / Soles, Timothy L / Soles, Carol L	Carolina Mall 1480 Concord Pkwy N Unit 88	Concord	NC	28025-2831	(704) 918-4224
Dairy Queen of Wilmington Inc / Whisenant, Clyde J	5701 E Oak Island Dr	Oak Island	NC	28465-5038	(910) 278-5371
MrDQs LLC / Utley, Robert	1004 W Innes St	Salisbury	NC	28144-4039	(704) 636-8653
Hartness LLC / Hartness, Amanda B	2143-D Statesville Blvd	Salisbury	NC	28147-1413	(704) 637-6110
Dairy Queen of Wilmington Inc / Whisenant, Clyde J	20 Naber Dr	Shallotte	NC	28470	(910) 754-2999
Dairy Queen of New Hanover and Brunswick Counties Inc / Whisenant	106 Southport Supply Rd	Supply	NC	28462-3360	(910) 754-9692
Dairy Queen of Wilmington Inc / Whisenant, Clyde J	1517 Dawson St	Wilmington	NC	28401-6034	(910) 763-1650
Dairy Queen of Wilmington Inc / Whisenant, Clyde J	5901 Oleander Dr	Wilmington	NC	28403-4717	(910) 799-2902

EXHIBIT I

ADQ's Former Franchisees

(Left the System in 2022)

ADQ DQ GRILL & CHILL FRANCHISE TRANSFERS IN 2022

GRILL & CHILL TRANSFERS 2022				
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
CITY	ST	SELLER(S)/ BUSINESS NAME(s)	PHONE	COMMENT
Bessemer	AL	Patel, Dhruvi V / Momin, Iqbal R	404-456-3235	Stock Transfer
Enterprise	AL	Sarazz Inc / Momin, Parvezhusen M / Momin, Nashrin	(404) 542-6855	
Hartselle	AL	Atif Inc / Momin, Raishali Y / Momin, Sayena L	678-793-0685	
Mobile	AL	Parvin Inc / Momin, Naushad Hussain / Momin, Mohmedkamil S / Momin, Kazmi S	404-513-8392	
Sun City West	AZ	W M K Lee Enterprises Inc / Lee, Wayne E	623-206-3495	
Inverness	FL	Najir LLC / Bhonhariya, Najirahemad N / Bhonhariya, Abdulrahim N / Patel, Heema / Ali, Uzma I	860-933-3831	
Tamarac	FL	Mr RJ Blizzard Inc / Groden, Mitchell / Groden, Randi	(954) 718-1004	
Columbus	GA	Labe Restaurant Group LLC / Mcdonald, John A / Huff, Laura M / Knight, Elizabeth M	706-884-6191	
Fayetteville	GA	Munir Inc / Momin, Rizvan / Momin, Nasir F / Momin, Munafali	678-665-9623	
Peachtree City	GA	Peachtree Fast Food LLC / Patel, Vimal / Patel, Deep / Patel, Dipen	678-612-4796	
Silvis	IL	Rah Partnership Inc / Smith, Mark A	563-370-3909	
Tuscola	IL	Patel, Maulik	(616) 309-3213	
Clermont	IN	Linn Properties Inc II / Linn, Mick C	(317) 691-3649	
Fishers	IN	Olio Ventures Inc / Duncan, James D / Llewellyn, Jason C / Sharon M Piazza Revocable Trust / Hajek, Robert J / Llewellyn, Melissa A	317-371-0644	
Indianapolis	IN	H&H Meridian Street LLC / Hart Management Corporation / Hart, Gavin S / Hart, Kim P / Harlan, Hugh P / Harlan, Doug, H	260-497-0888	
North Vernon	IN	Fourteen Foods LLC	952-356-9278	
Burlington	KS	Khan's Enterprise LLC / Pathan, Affaakkhan A / Momin, Nisarali G	(620) 364-8966	
Garnett	KS	Patel, Raj M	417-596-9535	
Eminence	KY	Fourteen Foods LLC	952-356-9278	
Florence	KY	Shantaba Treats LLC / Patel, Jigar R / Patel, Karan A / Patel, Sunil B / Patel, Mukesh B	(513) 349-4535	
Hutchinson	MN	Fourteen Foods LLC	952-356-9278	
Staples	MN	Doll, Joan D	(218) 639-3275	Family Transfer
Kennett	MO	Coleman, Scott D	573-579-9534	Removed Partner
Denver	NC	Boemer, Jeron / Eby, Shawn L	(470) 346-6833	Removed Partner
Wahoo	NE	Nicholas Nicklby Inc / Rustermier, Thomas R / Rustermier, Sharon K / Miyoshi, John / Miyoshi, Carol	402-443-6001	
Bloomfield	NM	Pruitt, Gene / Pruitt, Connie	505-320-1035	
Wapakoneta	OH	Patel, Rameshchandra A	(615) 513-9891	Removed Partner
West Chester	OH	Patel, Ketul G	615-881-6779	Removed Partner
Broken Arrow	OK	E S Davis Enterprises Inc / Davis, Edward L / Davis, Sandra L	660-525-2386	
Cranston	RI	Dailey, William / Dailey, Shari	(702) 339-4301	Removed Partner
Bothell	WA	RP Management Group Inc / Ahmed, Nadeem / Sohal, Lokpal / Aziz, Suleman	(253) 347-5440	
Fitchburg	WI	R & T Enterprises of Madison LLC / Heller, Timothy S / Lepping Richard A	(608) 213-8483	

Racine	WI	Sherwood Cir LLC / Kook, Thomas F / Kook, Julie A	414-248-1412	
Charleston	WV	L and G Foods Inc / Garrett II, Jack D	304-539-4137	
Huntington	WV	Bartoe Inc / Bartoe, Jerry / Chafin, Robert D / Chafin, Diana G	(304) 654-7792	
Mullens	WV	Wilwest Inc / Vance, Thomas A	(304) 667-7481	
*Transfers where seller sold interest in this particular store, and has left the system				
CITY	ST	SELLER(S)/ BUSINESS NAME(s)	PHONE	COMMENT
Phenix City	AL	Labe Restaurant Group LLC / Mcdonald, John A / Huff, Laura M / Knight, Elizabeth M	706-884-6191	
Prattville	AL	Southern Treats LLC / Thomas, Randy S / Thomas, Grovealeek K	205-531-2049	
Bella Vista	AR	Jen Inc / Joslin, Jana Lou Percy	479-531-3012	
Salem	AR	Lauren Blair Limited / Clifford, Ronald A / Clifford, Margaret A	(417) 257-1719	
Garden Grove	CA	Chen, Derek K / Chen, Nora Y	(714) 746-7276	
Fort Myers Beach	FL	Beach Treats LLC / Eichen, David C / Eichen, Tina M	239-202-2500	
Kissimmee	FL	Ameko Food Inc / Park, Jong Yeon	(407) 421-8503	
Greensboro	GA	Sabrina & Johel Inc / Momin, Firozali G	(706) 816-0607	
Jefferson	GA	Gillespie, David C	678-300-6783	Family Transfer
Nashville	GA	Gaskins Food Systems LLC / Gaskins Jr, Robert W / Gaskins III, Robert W	229-237-3405	
Waynesboro	GA	Jones, Robert K / Anchor, Tina E	706-231-1734	
Winder	GA	Robert E Walters Inc / Walters, Robert E / Walters, Brenda B	770-307-6154	
Boise	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Boise	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Boise	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Burley	ID	Haycock, Con D / Haycock, L Dee	208-539-3221	
Caldwell	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Garden City	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Jerome	ID	Haycock, Con D / Haycock, L Dee	208-539-3221	
Meridian	ID	BDQ Inc / Martin, James E / Martin, Sherry K	208-890-0015	
Nampa	ID	Haycock, Con D / Haycock, L Dee	208-539-3221	
Nampa	ID	Martin, James E / Martin, Sherry K	208-890-0015	
Hamilton	IL	Neally, Kirk M / Neally, Joel D	(217) 430-2180	
Highland	IL	Moss, Corey M	618-556-9090	
Jerseyville	IL	Traub, Kevin Wayne / Traub, Debra Ann	(618) 781-8518	
Marshall	IL	Howell, Russell A / Howell, Brenda Joyce	217-822-5026	
Matteson	IL	Patel, Kalpesh / Patel, Amit D	630-674-5912	Removed Partner
Murphysboro	IL	Mills, Gary L / Mills, Brenda A	618-687-2179	
Shelbyville	IL	Dunaway & Pancoast Company / Fox, Jennifer L	217-774-3632	
Bloomfield	IN	Mitchell, Rebecca (Estate)		Deceased
Elkhart	IN	Verpeet Inc / Poell, Mary L	574-294-1789	
Fort Wayne	IN	Ice Cream Partners LLC / Merz, Edward A / Se7En Holdings LLC / Magley, Richard A /	260-415-7373	
Fort Wayne	IN	Rek Enterprises LLC / Merz, Edward A / Natchez Holdings LLC / Magley, Richard A /	260-415-7373	
Hammond	IN	Patel, Kalpesh / Patel, Amit D	630-674-5912	Removed Partner
Huntington	IN	Adaca Inc / Wisialowski, David P	260-224-1501	
Noblesville	IN	Patel, Balbhadrakumar H	(217) 721-6647	Removed Partner
Sheridan	IN	Heavenly Sweet Kones LLC / Scammahorn, Lucinda J / Scammahorn, Jeffrey R	317-442-6710	
Vincennes	IN	Chuang, Lan Ping / Chuang, John J W	812-887-9330	
McPherson	KS	R & K Horn LLC / Horn, Roger J / Horn, Karen A	425-900-7627	
Milford	MA	Pirperis, Christos / Pirperis, Chrysanthi (Estate)	508-494-3139	Family Transfer
Hamburg	MI	Boeving, Brian K / Boeving, Diana M	810-599-4883	

Roseville	MI	Heinrich, Howard W	586-295-7689	
Blaine	MN	Don Robbar Inc / Graff, Karmen M	763-350-9937	
Crosby	MN	Schiffler Enterprises Inc / Albrecht, Christopher E / Albrecht, Nadine R	218-831-0777	
Glencoe	MN	Dakota Treats Inc / Moser, Steven L / Wentz, Terry	612-325-3643	
Moorhead	MN	Anderson Franchise Investments Inc / Anderson, Charles R	(218) 512-2222	
Virginia	MN	Tim's Treats Inc / Vansoest, Timothy N / Vansoest, Andrea L	218-290-5505	
Herculaneum	MO	Temperato, James D / Temperato, Adrian J	(314) 608-6445	
Saint Louis	MO	Foodmart LLC / Rammaha, Bassam I	(314) 800-8225	
Warrenton	MO	Warrenton Treats Inc / Scruggs, John I / Scruggs, Heather M	(314) 303-2758	
Webster Groves	MO	Webster LNJ LLC / Nelson, John A / Nelson, Rita M	(314) 239-5398	
Smithfield	NC	Balaji Corporation / Patel, Biren / Patel, Prerak	478-320-4599	
Ashland	NE	Nicholas Nicklby Inc / Rustermier, Thomas R / Rustermier, Sharon K / Miyoshi, John / Miyoshi, Carol	402-443-6001	
Cozad	NE	SCN Enterprises LLC / Morten, Kelly R / Johnson, Stacey S	(308) 784-3837	
Santa Fe	NM	Cabbam LLC / Toobin, Bernard I / Toobin, Carol S (Estate)	817-821-6767	
Canton	OH	A D Confections LLC / Ring, Donna	330-268-9447	
Lewis Center	OH	Five CFC Inc / Hyun, Myungsub J / Hyun, Mie K	(937) 578-3271	
Orrville	OH	Enterprise Sixty Inc / Davis Iii, James A / Davis, Christine L	(330) 988-2479	
South Abington Township	PA	Millett Ice C.S. PA LLC / Millett, Daniel J (Estate) / Millett, John T / Millett, Brett A / Millett, Timothy G (Estate) / Rachlicz, Stacie M / Millett Iii, Daniel J / Doherty, Mari M	570-586-7050	
Tullahoma	TN	Flip and Dip LLC / Shortridge, Scott T / Shortridge, Donna S	931-580-5410	
Federal Way	WA	Dancin Inc / Stanaway, Dan W / Stanaway, Cynthia D	(206) 227-5084	
Kent	WA	Kent Dine Quick Inc/ Singh, Harjit / Beniwal, Vijayender / Bhatt, Samir / Sanagapalli, Srinivasa R / Malik, Paras	206-883-7680	
Lynnwood	WA	Karmali, Sadiq (Steve)	(425) 760-4394	
Lynnwood	WA	IQBAL Investments LLC / Thind, Gurjot Singh / Thind, Pavneet Kaur	(206) 779-7654	
Monroe	WA	Isa12 Corporation / Uh, Harry K / Uh, Jenny K	425-626-8488	
Pullman	WA	Nazanin Inc / Navabpour, Ali / Navabpour, Hamideh	650-906-0266	
Beloit	WI	Pledgemark Inc / Ehardt, George A / Ehardt, Margaret A	(815) 529-8032	
Milton	WI	Mckenna, Michael Philip	608-719-2909	
Saint Francis	WI	Dillies Inc / Hartley, James J / Hartley, Dena K	(414) 828-6723	
Sheboygan Falls	WI	Sheboygan Group LLC / Patel, Mohanbhai T / Patel, Gandabhai M / Patel, Yogendrakumar K / Patel, Dhaval G / Patel, Nareshkumar P	(414) 534-1339	
Beckley	WV	Hma Inc / Argabrite, James P / Argabrite, Cynthia D	304-573-3229	
Montgomery	WV	Markel Inc / Manning, Ronald W	(304) 549-8831	

ADQ DQ GRILL & CHILL FRANCHISE TERMINATIONS IN 2022

GRILL AND CHILL TERMINATIONS 2022					
City	ST	Zip	Franchisee Group	Phone	Reason
Fayetteville	AR	72701-6215	SMDG LLC / Sims, Aimee L / Apex Solutions Inc / Sims, Terry L	(479) 442-4800	Franchisee Closure
Lost Hills	CA	93249	B & H Brothers LLC / Singh, Balbir / Singh, Harjap	(661) 797-9477	Franchisee Closure
Salinas	CA	93905-2716	Santana, Francisco / Santana, Daisy	(831) 424-7588	Franchisee Closure
Athens	GA	30607-1431	Stark Properties Inc / Jones, William B	(706) 548-3535	Franchisee Closure
Rome	GA	30161-5284	Sez Inc / Momin, Soyebali M / Momin, Rahil I / Momin, Eazaz Husen M / Momin, Husen Asif	(706) 232-8270	Franchisee Closure

GRILL AND CHILL TERMINATIONS 2022					
City	ST	Zip	Franchisee Group	Phone	Reason
Fort Wayne	IN	46835-1893	Paton, William G / Paton, Elaine / Hart, Gavin S / Hart, Kim P	(260) 486-8900	Franchisee Closure
Greencastle	IN	46135-9418	Bhole LLC / Patel, Dharmesh V / Patel, Rupamkumar R	(765) 630-8156	Mutual Cancellation
Indianapolis	IN	46227-3559	OM Sai LLC / Patel, Dharmesh V / Patel, Rupamkumar R	(317) 757-8131	Mutual Cancellation
Wabash	IN	46992-1023	Namah LLC / Patel, Dharmesh / Patel, Rupamkumar R	(260) 225-0346	Mutual Cancellation
Scott City	KS	67871-1825	Fyler Sr, Steven M / Fyler, Loretta A / Rodriguez, Andrea S / Eitel, Brittany A / Fyler Jr, Steven M	(620) 872-3215	Franchisee Closure
Apple Valley	MN	55124-7536	Anderson Franchise Investments Inc / Anderson, Charles R	(952) 953-3961	Franchisee Closure
Caledonia	MN	55921-1274	Fourteen Foods LLC	(507) 725-2751	Mutual Cancellation
Cannon Falls	MN	55009-4267	Jtrh Inc / Hundt, Ronald E / Tatge, Justin M	(507) 263-4433	Franchisee Closure
Crystal	MN	55428-3952	Fourteen Foods LLC	(763) 533-7575	Mutual Cancellation
Eagan	MN	55121-2289	Kool Tyme Inc / Giguere, Thomas M	(651) 686-9057	Franchisee Closure
Red Wing	MN	55066-2230	Knauss, Joseph John	(651) 703-2552	Franchisee Closure
Shakopee	MN	55379-3157	Fourteen Foods LLC	(952) 224-2568	Franchisee Closure
Springfield	MO	65803-1351	Jaysadhi Inc / Patel, Parulben R / Patel, Jigneshaben H / Patel, Himanshukumar B / Patel, Rameshbhai P / Patel, Chanchalbaben R	(417) 866-8832	Franchisee Closure
Garner	NC	27529-8437	Me Buffalo Enterprises Inc / Buffalo, Michael E	(919) 662-9292	Franchisee Closure
Santa Fe	NM	87506-0952	Serna, Donald E / Serna, Linda A	(505) 455-7057	Franchisee Closure
Durant	OK	74701-4002	Blackbox Holdings LLC / Box, James R / Franklin, Aaron M / Black, Samatha Jo	(580) 924-0905	Franchisee Closure
Rock Hill	SC	29730-4994	First Choice Management Group LLC / Rumble, David R	(803) 980-1006	Mutual Cancellation
Clarksville	TN	37040-5003	Groves Leasing Inc / Groves, Allan D / Groves, Jeffery R	(931) 552-4100	Franchisee Closure
Boscobel	WI	53805-1620	Fourteen Foods LLC	(608) 375-4252	Franchisee Closure
Hartford	WI	53027-1611	Stolaski, Steven	(262) 673-4233	Franchisee Closure

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or us.

DQ GRILL & CHILL TERRITORY OPERATOR SUBFRANCHISE TRANSFERS IN 2022

G&C TERRITORY OPERATOR SUBFRANCHISED TRANSFER 2022				
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
Billings	MT	Hageman, Richard / Hageman, Beverly	(406) 671-2671	Removed Partner

G&C TERRITORY OPERATOR SUBFRANCHISED TRANSFER 2022				
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT
Billings	MT	Hageman, Richard / Hageman, Beverly	(406) 671-2671	Removed Partner
Billings	MT	Hageman, Richard / Hageman, Beverly	(406) 671-2671	Removed Partner
Las Vegas	NV	AMODQ 15435 LLC / Amo Holdings LLC / Or, Birant / Amira, Brian / Mohammad, Nadeem	(702) 207-9904	
Las Vegas	NV	AMODQ 15515 LLC / Amo Holdings LLC / Or, Birant / Amira, Brian / Mohammad, Nadeem	(702) 207-9904	
Paulding	OH	Kbc Inc / Castleman, Alan	(260) 466-9182	
Worthington	OH	Rhobar III Ltd / Corven, Barry J / Corven, Rhonda S	(614) 989-1506	
Corvallis	OR	T&T Food Corporation / Grewal, Mohanbir	(503) 866-3969	
Mineral	VA	Singh, Sukhjinder / Singh, Parmjit	(804) 556-6021	Removed Partner
Woodford	VA	D & A II LLC / Miller, A C	(540) 582-3555	
Spokane	WA	Medin, Larry A / Medin, Patricia M	(509) 953-6945	Family Transfer
*Transfers where seller sold interest in this particular store, and has left the system				
Miles City	MT	Fleming, Tab	406-951-1905	
Langdon	ND	Klingbeil, Peter M / Klingbeil, Leah M	(701) 256-2640	
Seward	NE	Fitzpatrick, David (Estate) / Fitzpatrick, Sharon	(402) 641-4672	Family Transfer
Las Vegas	NV	Morgans Dream Enterprises LLC / Morgan, Patrick J	(262) 470-5920	
Las Vegas	NV	Morgans Dream Enterprises LLC / Morgan, Patrick J	(262) 470-5920	
Aberdeen	OH	Foxworthy, Dorothy A	606-407-3443	
Leetonia	OH	Boyle, Michael L / Boyle, Jacqueline	(330) 853-3056	
Bend	OR	Wenatchee Ventures Corporation / Crossman, Joshua	(206) 419-0751	
Bend	OR	Skookumchuck Ventures Corporation / Crossman, Joshua	(206) 419-0751	
Butler	PA	Steffen, Lawrence W	(724) 822-5300	
Layton	UT	Bsp Foods LLC / Fletcher, Britt / Odekirk, James P / Price, J Steven	(801) 573-9896	
Appomattox	VA	Wright, Bryan	(434) 426-4000	
Big Stone Gap	VA	Lonesome Pine Dairy Queen Inc / Smith, Lynn Z	276-393-3295	
Culpeper	VA	4-R-Kids Inc / Yeiser, Randy J	(540) 229-8944	
Norton	VA	Lonesome Pine Dairy Queen Inc / Smith, Lynn Z	276-393-3295	
Moses Lake	WA	Moses Lake Dairy Queen LLC / Whittle, Thomas J / Whittle, Nancy J / Whittle, Corey J / Whittle, Cameron T	509-760-0460	

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DQ GRILL & CHILL TERRITORY OPERATOR SUBFRANCHISE TERMINATIONS IN 2022

G&C TERRITORY OPERATORS SUBFRANCHISE TERMINATIONS 2022					
CITY	ST	ZIP	SUBFRANCHISEE GROUP	PHONE	REASON
Fairfax	IA	52228-9746	Selzer Enterprises Inc / Selzer, David L	(319) 846-2131	Franchisee Closure
Las Vegas	NV	89102-6007	Tran, Thai	(702) 220-4405	Franchisee Closure
Dover	OH	44622-2835	Dover Dairy Queen LLC / Angel, David / Angel, Betty / Yoder, David / Yoder, April / Klar, Douglas / Klar, Holly / Klar, Trevor / Klar, Angela / Leggett, Julie / Leggett, Nathan	(330) 343-2222	Franchisee Closure
Mentor	OH	44060-6209	Jnt Group LLC / Traffis, Jeffrey N	(440) 255-7884	Franchisee Closure
Greensburg	PA	15601-3517	Westmoreland Dairy Queen Inc / Sullivan, Mark W	(724) 420-6344	Franchisee Closure
Ashland	VA	23005-1621	Danial & Saad LLC / Danial, Wesam	(804) 798-6066	Franchisee Closure
Bluefield	VA	24605-1717	Graham, Edward	(276) 326-1471	Franchisee Closure

ADQ DQ TREAT FRANCHISE TRANSFERS IN 2022

DQ TREAT TRANSFERS 2022				
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
Estero	FL	Sth Inc of Swfl / Hendricks, Scott T	(239) 390-1428	
Terre Haute	IN	Merjan LLC / Bonebrake, Merrill L / Bonebrake, Janice M	812-878-6654	
Terre Haute	IN	Merjan LLC / Bonebrake, Merrill L / Bonebrake, Janice M	812-878-6654	
Oak Grove	MO	Oak Grove 70 Truckstop Inc. / Iowa 80 Group Inc / Meier, Delia Moon	(563) 468-5230	
Wilson	NC	SMZ Inc / Hamad, Samer A / Mansfield, Mark F	(252) 342-9294	Family Transfer
Merrimack	NH	Dion, David C	(603) 315-0244	
Tonawanda	NY	Palmeri's & Son Inc / Palmeri Sr, Michael A / Palmeri, Colleen M	716-478-5133	Family Transfer
Tishomingo	OK	Lay, Scott A	903-877-4128	Removed Partner
West Mifflin	PA	VsDQ Inc / Skerbetz, Sandra J	412-613-6854	
*Transfers where seller sold interest in this particular store, and has left the system				
Chula Vista	CA	Lee, Thomas C / Lee, Claire M	619-866-1482	
Cypress	CA	Rs Tan Inc / Tan, Richard W / Tan, Sue C	714-791-5615	
Yucaipa	CA	Queen Jen Inc / Conroy, Jenifer S	310-408-1209	
Aurora	CO	Doty, Debra A (Estate)	303-204-2784	Deceased
Colorado Springs	CO	Doty, Debra A (Estate)		Deceased
Colorado Springs	CO	Doty, Debra A (Estate)		Deceased
Firestone	CO	Doty, Debra A (Estate)		Deceased
Lakewood	CO	Doty, Debra A (Estate)		Deceased
Lone Tree	CO	Doty, Debra A (Estate)		Deceased
Wheat Ridge	CO	Doty, Debra A (Estate)		Deceased
Windsor	CO	Elkhorn Park Corp / Baker, Thomas L	970-571-8765	
Fairfield	CT	Frattaroli, Nicholas J	(603) 677-2622	

North Haven	CT	Christophers Ice Cream Enterprise LLC / Christopher, Kelly J	203-605-6188	
Bradenton	FL	Doty, Debra A (Estate)		Deceased
Coconut Creek	FL	Sweet Eats II Inc / Mills, Scott D / Mills, Shannon	954-857-3926	
Key West	FL	Buffalo Gals LLC / Delio, Lisa P / Romain, M Nancy	(305) 304-0877	
Pembroke Pines	FL	Kamrose Inc / Fox, Diane K	(954) 433-5131	
Honolulu	HI	K2 Pacific Inc / Kung, Linda L (Estate)	(808) 250-0628	
Keokuk	IA	Daughters, Alan D / Daughters, Christine M	(319) 670-8322	Family Transfer
Waverly	IA	Hobson, Floyd R / Hobson, Sheryl A	319-415-5723	
Fox Lake	IL	Mordawski, Lawrence	847-421-9653	
Macomb	IL	Clanin, James W	(309) 333-2571	
Berkley	MI	Manju Inc / Manju, Walid A / Manju, Ban S	204-770-3614	
Canton	MI	JK Delights LLC / Daniels, Joseph D / Daniels, Kathryn M	(248) 207-2494	
Troy	MI	E & YPN Corporation / Kim, Young Seok	(248) 561-9870	
Roseville	MN	S & B Karmelkorn Shoppes LLC / Braasch, Deborah L	763-438-3818	
South Saint Paul	MN	Lundquist, Karen L	651-260-9331	
Rockingham	NC	Treats of Rockingham Inc / Waterman, Patricia R (Estate)	910-995-1876	
Laconia	NH	Lakeshore Deli LLC / Merrill, Michael J / Merrill, Michelle T	203-259-5659	
Albuquerque	NM	Judy's DDN Inc / Garcia, Daniel F / Garcia, Judy M	(505) 450-7543	
Hamburg	NY	Lazarony Jr, Charles J	716-698-8339	Family Transfer
Harrisburg	PA	Weaver, Leroy / Weaver, Pamela	717-766-5817	
Sinking Spring	PA	Tracie's Paradise Inc / Lutz, Kevin P / Lutz, Deborah L / Sottasante, Bernice M	(484) 955-0652	
Temple	PA	MBB & Jim Inc / Lutz, Kevin P / Lutz, Deborah L	(484) 955-0652	
Cumberland	WI	Clark, Laura L	715-419-0650	
De Pere	WI	Nulund Group LLC / Peds LLC / Soderlund, Mark E (Estate) / Soderlund, Margaret M / Taj Enterprises LLC / Nugent, Peter T	920-434-9977	

ADQ DQ TREAT FRANCHISE TERMINATIONS IN 2022

DQ TREAT TERMINATIONS 2022					
CITY	ST	ZIP	FRANCHISEE GROUP	PHONE	REASON
Escondido	CA	92025-8005	Fourteen Capital Group Inc / Syed, Abutalib / Zainab, Kaneez / Naqvi, Zeeshan	(760) 737-5100	Franchisee Closure
Santa Rosa	CA	95401-6304	Ganhara Foods LLC / Lie, Andrew K / Lie, Rani G	(707) 576-9502	Expiration
Westminster	CA	92683-4901	WTF Kami Inc / Kim, Peter S	562-713-8255	Expiration
Newark	DE	19702-3208	Christiana Treats LLC / Jordan, Michael D / Fisk Iii, Charles L	(302) 737-5958	Franchisee Closure
Buford	GA	30519-4975	Patel Treats LLC / Patel, Vimal	(678) 482-6084	Expiration
Carnesville	GA	30521-3309	Pilot Corporation	(706) 384-2424	Mutual Cancellation
Jackson	GA	30233-6131	Pilot Corporation	(770) 504-1146	Mutual Cancellation
Kamuela	HI	96743-7305	Jan & Jon LLC / Guastalli, Janet M / Adams, Jon S	(808) 887-1139	Expiration
Belvidere	IL	61008-6012	Sahaj Foods Inc / Patel, Ghanshyam P / Patel, Ruchit P / Patel, Pravinchandra M	(815) 544-1500	Expiration

DQ TREAT TERMINATIONS 2022					
CITY	ST	ZIP	FRANCHISEE GROUP	PHONE	REASON
Henry	IL	61537-1501	Noder, Matthew E	(309) 364-3100	Franchisee Closure
Morton	IL	61550-2032	Carius & Carius / Carius, Curt J / Carius, James A / Carius, Gert V	(309) 263-7033	Franchisee Closure
New Castle	IN	47362-2107	Conby Inc / Huckleby, Phillip E (Estate) / Huckleby, Linda L (Estate)	(765) 529-5667	Terminated
Wanatah	IN	46390-9542	R Kids Inc / Vinyard, Theodore L / Vinyard, Mary Beth	(219) 733-9653	Franchisee Closure
Ruston	LA	71270	Quarles Restaurant Group LLC / Quarles, Michael D / Quarles, Kelly R	(318) 202-3383	Franchisee Closure
Bethesda	MD	20817-1018	Qing Qing Inc / Chu, Hsiu Hua	(301) 365-8200	Expiration
Hagerstown	MD	21740-9559	4-M Enterprises Inc / McLaughlin, David C / Pitcher, Marchel C	(240) 362-2500	Expiration
Hanover	MD	21076-1283	S&R Creamery LLC / Chan, Jason L / Tse, Sau Wa	(917) 378-9827	Expiration
Ocean City	MD	21842-4710	AIC of MD Inc / Ramadan, Mohamad S	(443) 373-2677	Franchisee Closure
Ocean City	MD	21842-3552	AIC of OC Inc / Ramadan, Mohamad S	(443) 373-2674	Franchisee Closure
Grand Rapids	MI	49504-6261	Sean Diego Inc / Makowski, Sean A	(616) 235-0102	Franchisee Closure
South Haven	MI	49090-1495	Brecht Enterprises LLC / Brecht, Fred / Brecht, Janet	(269) 767-7492	Franchisee Closure
Virginia	MN	55792-3513	Tim's Treats Inc / Vansoest, Timothy N / Vansoest, Andrea L	(218) 749-1495	Franchisee Closure
Winnemucca	NV	89445-4208	Khourys Inc / Bassam Issa Khoury Family Revocable Living Trust / Ghassan Issa Khoury Family Revocable Living Trust / Khoury, Bassam Issa / Khoury, Mary Nawal K / Khoury, Ghassan Issa / Khoury, Miriam R	(775) 625-8200	Franchisee Closure
Akron	OH	44333-3337	Jns Inc / Thaker, Dishita N / Thaker, Nitin P	(330) 836-6731	Expiration
Carnegie	PA	15106-3601	Bodnar, Anna M	(412) 276-2008	Franchisee Closure
Pennsdale	PA	17756-8076	Insinger, Ronald E	(570) 337-0676	Franchisee Closure
Philadelphia	PA	19106-2311	Santram Krupa Inc / Patel, Hasuben	(215) 627-4200	Franchisee Closure
Pittsburgh	PA	15237-3870	Ross Park Mall Treatworks Inc / Sullivan, Claudea M	(412) 630-9700	Expiration
Bishopville	SC	29010-8932	Pilot Travel Centers LLC	(803) 428-2035	Mutual Cancellation
Blacksburg	SC	29702-7377	Pilot Travel Centers LLC	(864) 936-3777	Mutual Cancellation
Latta	SC	29565-4225	Pilot Travel Centers LLC	(843) 752-0033	Mutual Cancellation
Saint George	SC	29477-8944	Pilot Travel Centers LLC	(843) 563-9095	Mutual Cancellation
Winnsboro	SC	29180-9607	Pilot Travel Centers LLC	(803) 482-6715	Mutual Cancellation
Lebanon	TN	37090-5352	Pilot Travel Centers LLC	(615) 453-8991	Mutual Cancellation
West Valley City	UT	84119-3746	The Teton Group LLC / Hendricks, Todd K / Crapo, Conn J / Crapo, George M (Estate)	(801) 964-1102	Expiration
Union Gap	WA	98903-1690	Frozen Treats Holdings Inc / Miller, Jeffrey S / Miller, Shawna K / Miller, Patrick T / Miller, Anna M / Satterfield, Thomas A / Satterfield, Traci A	(509) 896-1879	Expiration
Janesville	WI	53545-4220	Hirsch-E-Treats Inc / Hirsch, Thomas F / Hirsch, Victoria L	(608) 758-0755	Franchisee Closure

DQ TREAT TERMINATIONS 2022					
CITY	ST	ZIP	FRANCHISEE GROUP	PHONE	REASON
Portage	WI	53901-9664	TA Operating LLC / Travelcenters of America LLC	(608) 742-1045	Franchisee Closure

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DQ TREAT TERRITORY OPERATOR SUBFRANCHISE TRANSFERS IN 2022

DQ TREAT SUBLICENSE TRANSFERS IN 2022				
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE	COMMENT
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)				
Diamond	IL	Minit Mart LLC / Eg Retail America LLC	(815) 263-3127	
Allendale	NJ	Ceyda1 LLC / Tasoz, Sukru / Tasoz, Ulus	(201) 381-9923	
Washington Township	NJ	Ayla 1 LLC / Tasoz, Ulus	201-213-8766	
*Transfers where seller sold interest in this particular store, and has left the system				
Payson	AZ	Sweet Investment LLC / Nilsen, Bradley R / Vandruff, John E	(928) 472-4675	
Story City	IA	Slammr LLC / Foss, Carol M / Foss, Thomas A	(515) 708-2668	
Cary	IL	Cary DQ LLC / Wesson, Mark B	(847) 997-4339	
Naperville	IL	Abraham, Judith / Abraham, Robert A	630-453-7916	Family Transfer
Naperville	IL	Moloney, Karen (Estate)		Deceased
Warrenville	IL	Khan, Irshad	(630) 229-7101	
Chatfield	MN	DQ917 Inc / Martinka, John R / Martinka, Holly C	507-251-0779	
East Windsor	NJ	The Ice Cream Man LLC / Vardakis Jr, George	(609) 540-1807	
Vernon	NJ	Vernon Dairy LLC / Saccente, Alan / Saccente, Nancy	201-264-1275	
West Milford	NJ	Korsakoff, Dennis	(973) 728-1212	
Wildwood	NJ	Willbill Corporation / Fagan, William / Fagan, Robert	609-254-4385	
Las Vegas	NV	Mas We Three LLC / Iermolova, Mariia	(702) 417-6948	
Hatboro	PA	Margraff, David	(267) 884-3027	
Huntingdon Valley	PA	BDP Inc / Weiss Jr, Francis J / Weiss, Vincent	(610) 314-5685	
New Castle	PA	Doskids Inc / Dostilio, Karen A	724-971-3134	

Note: The information provided below regarding subfranchised outlets is provided to ADQ by territory operators and is not independently verified by ADQ or us.

DQ TREAT TERRITORY OPERATOR SUBFRANCHISE TERMINATIONS IN 2022

DQ TREAT SUBFRANCHISE TERMINATIONS IN 2022					
CITY	ST	ZIP	FRANCHISEE GROUP	PHONE	REASON
Miami	FL	33143-1809	Homer Lee Inc / Lee, Jian Ping / Li, Yan	(305) 667-7016	Franchisee Closure
Lombard	IL	60148-4744	Kedal Management LLC Series A / Ledwidge, Christopher A	(630) 261-1390	Franchisee Closure
Rochester	MN	55902-3135	Houdek Development LLC / Houdek, Larry D / Henley, John R / Stewart, Jeffrey A	(507) 282-6633	Franchisee Closure
Kimball	NE	69145-1547	Fiehtner, Jeffrey L / Fiehtner, Debra A	(308) 235-2874	Franchisee Closure

DQ TREAT SUBFRANCHISE TERMINATIONS IN 2022					
CITY	ST	ZIP	FRANCHISEE GROUP	PHONE	REASON
Hazlet	NJ	07730-4117	Jacks Ice Cream LLC / Vranken, Jack G / Vranken, Young Mi	(732) 787-4100	Franchisee Closure
Hazlet	NJ	07730-1526	Sawicki, Stanley J / Kang, Young Nyoun	(732) 739-0064	Franchisee Closure
Ambler	PA	19002-1143	Abm Brothers LLC / Hameid, Ebtesam / Hameid, Azmi	(215) 628-4494	Franchisee Closure
Glenside	PA	19038-3832	Qd Delicatessen LLC / Quigg, Eilish	(215) 886-9985	Franchisee Closure
Mechanicsville	VA	23111-3626	Delford LLC / Ford III, Jesse Ryland	(804) 746-7100	Franchisee Closure

ADQ G&C TEXAS RESTAURANT TRANSFERS IN 2022

DQ TEXAS FRANCHISE TRANSFERS IN 2022			
CITY	ST	SELLER(S) / BUSINESS NAME(S)	PHONE
*Transfers where seller sold interest in this particular store, but remains a franchisee for other store(s)			
Crane	TX	Martin, Monty W / Martin, Lynoma	(432) 413-7420
El Paso	TX	Nowak, Renee M	(915)-755-5780
Fort Worth	TX	HSB Investments Group LLC / Baidya, Asish / Haq, Kashif U / Singha, Sajib Kumar	(214) 934-6251
Rhome	TX	Jones, Sue R	(940) 393-6107
*Transfers where seller sold interest in this particular store, and has left the system			
Ganado	TX	Vorajakmol, Chingchai / Vorajakmol, Maria	(361) 771-6143
Jefferson	TX	Bishop, Larry D	(903)-806-6789
Kaufman	TX	Rcq Kaufman LLC / Rossi Restaurant Group LLC / Colarossi, Robert J / Colarossi, Rose M / Colarossi, Ryan J	(972)-977-0566
Spring	TX	Fersiss Inc / Pahlavan, Mohammad / Pahlavan, Fereshteh	(281)-850-0303

ADQ G&C TEXAS RESTAURANT TERMINATIONS IN 2022

TEXAS TERMINATIONS 2022					
CITY	ST	ZIP	FRANCHISEE GROUP	PHONE	REASON
Azle	TX	76020-3135	Treats Investments LLC / Hall, William G / Hall, Carole	(817) 444-4062	Franchisee Closure
Beaumont	TX	77705-2108	R & L Lozano Operating Ltd / R & L Lozano Ltd / Lozano Management Trust / Lozano, Robert L / Lozano, Laurie G	(409) 838-0173	Franchisee Closure
Brenham	TX	77833-3773	Smith Dairy Queens Ltd / DQ of Texas Inc / TosDQ LLC / Terry O Smith Family Trust / Smith, Karen K / Barron, Heather L / Smith, Jeremy O	(979) 836-2362	Franchisee Closure
Carrollton	TX	75010-6336	Dbe Restaurants LLC / Rajput, Zulqarnain / Ali, Rafiq Murad	(972) 695-6341	Franchisee Closure
Groom	TX	79039	Fal Co LLC / Lozano, Robert A / Lynn Lee Inc / Lozano, Robert L / Lozano, Laurie G	(806) 248-7015	Franchisee Closure
Vega	TX	79092-0523	Fal Co LLC / Lozano, Robert A / Lynn Lee Inc / Lozano, Robert L / Lozano, Laurie G	(806) 267-2312	Mutual Cancellation
Woodville	TX	75979-5609	Fal Co LLC / Lozano, Robert A / Lynn Lee Inc / Lozano, Robert L / Lozano, Laurie G	(409) 283-2509	Franchisee Closure

EXHIBIT J

Territory Operator's Financial Statements





Certified Public Accountants

Independent Auditor's Report

To the Board of Directors

reasonable user based on the financial statements.

4405 Cox Road, Suite 200, Glen Allen, VA 23060 PHONE: 804-612-4380 FAX: 804-612-2861 WEB: www.kwccpa.com

Members American Institute of Certified Public Accountants, Private Companies Practice Section and Virginia Society of Certified Accountants

Kositzka, Wicks and Company

Glen Allen, Virginia
June 28, 2023

EXHIBIT K

IDQ'S Financial Statements

International Dairy Queen, Inc.

(A wholly-owned subsidiary of Berkshire Hathaway)

For the Period January 1, 2020 through December 31, 2022



INDEPENDENT AUDITOR'S REPORT

Deloitte & Touche LLP
50 South 6th Street
Suite 2800
Minneapolis, MN 55402-1538
USA

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.

Deloitte & Touche LLP

February 10, 2023

EXHIBIT L

Operations Manuals Tables of Contents

DQ® System Standards and Operations Manual

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EXHIBIT M

State Effective Dates

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 state, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Virginia	[Pending]

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT N

Receipts

**RECEIPT
(YOUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Dairy Queen of Virginia, Inc. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale or grant.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Mark Dunham, Matt Dunham and Christopher Lofgren, 12020 Wyndham Lake Drive, Glen Allen, Virginia 23059, (804) 364 3006 and _____.

Date of Issuance: June 29, 2023

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated June 29, 2023 that includes the following Exhibits:

- A. Agencies/Agents for Service of Process
- B. Operating Agreement and Addenda
- C. Design Services Agreement
- D. Draft Authorization Form
- E. Gift Card Participation Agreement
- F. Territory Operator’s Subfranchisees
- G. Territory Operator’s Former Subfranchisees
- H. ADQ’s Franchisees
- I. ADQ’s Former Franchisees
- J. Territory Operator’s Financial Statements
- K. IDQ’s Financial Statements
- L. Operations Manuals Tables of Contents
- M. State Effective Dates
- N. Receipts

Date

Prospective Subfranchisee

Date

Prospective Subfranchisee

KEEP THIS COPY FOR YOUR RECORDS. This disclosure document is also available in PDF format by request to Chris Lofgren chris.lofgren@dq-va.com.

**RECEIPT
(OUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Dairy Queen of Virginia, Inc. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale or grant.

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- L. Operations Manuals Tables of Contents
- M. State Effective Dates
- N. Receipts

_____	_____
Date	Prospective Subfranchisee
_____	_____
Date	Prospective Subfranchisee

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO US ADDRESSED AS FOLLOWS: Matt Dunham, 12020 Wyndham Lake Drive, Glen Allen, Virginia 23059. This disclosure document is also available in PDF format by request to Chris Lofgren at chris.lofgren@dq-va.com.