FRANCHISE DISCLOSURE DOCUMENT

GELATISSIMO USA LLC
A Delaware Limited Liability Company
Unit 6, Parklands Estate
9-11 South Street
Rydalmere, NSW 2116, Australia
+61 (2) 8845 0100
www.gelatissimo.com

Gelatissimo USA LLC offers for sale a franchise to operate a subfranchisor business ("Master Franchisee Business") under the trade name "Gelatissimo" that will (1) open and operate at least one Gelatissimo Store prior to selling any subfranchises; (2) offer and sell Gelatissimo Store franchises, which specialize in the manufacture, preparation, display, and sale of gelato, gelato-based drinks, coffee, chocolates, biscuits, granita and other menu items; (3) train and assist subfranchisees; (4) provide regional and local marketing of the Gelatissimo System; and, (5) obtain approved suppliers and products for subfranchisees.

The total investment necessary to begin operations of a Gelatissimo Master Franchisee Business ranges from $382,500 to $1,520,100. This amount includes $125,000 to $1,035,000 that must be paid to the franchisor or its affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read the 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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Braeden Lord at Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia and +61 (2) 8845 0100.

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

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

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

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS MARCH 28, 2022.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and 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. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only GELATISSIMO business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a GELATISSIMO franchisee?	Item 20 or Exhibits H and 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*

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

<u>Business model can change</u>. 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.

<u>Supplier restrictions</u>. 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.

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

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

<u>Renewal</u>. 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.

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

ITEM 1 THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document uses "we," "us," "our," "Franchisor" or "Gelatissimo" to mean Gelatissimo USA LLC, the franchisor. "You" means the person, corporation, partnership or other entity that buys the franchise. Terms not defined in this Disclosure Document (including various capitalized terms) are defined in the Master Franchise Agreement attached as **Exhibit A** to this Disclosure Document (the "Master Franchise Agreement" or "Franchise Agreement").

Franchisor, Parent, and Affiliates

Gelatissimo USA LLC is a Delaware limited liability company that was formed on November 8, 2018. We began offering franchises on June 1, 2019. We do business under the trade name "Gelatissimo." Our principal business address is Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia, and our telephone number is +61 (2) 8845 0100**.** We do not conduct business under any other name.

We are wholly owned by the Gelatissimo USA Unit Trust (our "Parent"), an Australian unit trust formed on November 7, 2018. Our Parent shares our principal address. The trustees of our Parent also hold an interest in our affiliates. Our Parent has never offered franchises in any line of business, but we have an affiliate that does so.

Our affiliate Gelatissimo Pty Limited, a New South Wales proprietary limited company, ("Licensor") is the owner of the rights, title and interest together with all the goodwill in and to the Gelatissimo System (the "System"), which including various business techniques and methods, trade secrets (including recipes), copyrights (possibly patentable ideas), ingredient lists, confidential and proprietary information and other intellectual property rights. Licensor's principal place of business is Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia. Licensor owns, operates, and sells Gelatissimo Store franchises and master franchises outside the United States. Licensor opened its first Gelatissimo Store in Australia on September 5, 2002 and began franchising outside the United States in November 2004. Licensor has granted us a license to franchise the System in the United States.

Our affiliate Gelatissimo Manufacturing Pty Limited, a New South Wales proprietary limited company, ("Gelatissimo Manufacturing") was formed on March 27, 2002 and is a wholly-owned subsidiary of Licensor. Its principal place of business is Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia. Gelatissimo Manufacturing is a supplier of products and supplies to us. It has never offered franchises in any line of business.

Other than as stated above, we do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees. We have no predecessors. We have never offered franchises in any other line of business.

Agent for Service of Process

Our agents for service of process are disclosed in **Exhibit B.**

The Business We Offer

We offer for sale a franchise to operate a Master Franchisee Business that will: (1) offer and sell Gelatissimo Store franchises, which specialize in the manufacture, preparation, display, and sale of gelato,

gelato-based drinks, coffee, chocolates, biscuits, granita and other menu items ("Gelatissimo Stores") within a designated territory (the "Territory"); (2) train and assist subfranchisees in the Territory; (3) provide regional and local marketing of the System; (4) obtain approved suppliers and products for the subfranchisees in the Territory; and (4) establish and operate at least one franchised Gelatissimo Store in the Territory, which you must operate for at least six (6) months before you offer or sell subfranchises. Unless the context indicates otherwise, all references to Gelatissimo Stores include Gelatissimo Kiosks, Gelatissimo Gelaterias and Gelatissimo Cafés.

If we approve you as a subfranchisor ("Master Franchisee"), you will sign a Master Franchise Agreement in the form attached as **Exhibit A** to operate a Master Franchisee Business within a defined geographic area (the "Territory"). The Master Franchise Agreement authorizes you to use the "Gelatissimo" trade name, service marks, trademarks, logos, and other commercial symbols (collectively, the "Marks") and the System in connection with your operation of the Master Franchisee Business. By signing the Master Franchise Agreement, you agree to be bound by certain obligations in the Master Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Master Franchise Agreement. We do not offer subfranchises for Gelatissimo Stores.

You will establish and operate your Master Franchisee Business under our comprehensive franchise program (the "Franchise Program"), which includes the System and Marks, trade secrets, proprietary methods and information and procedures for offering and selling, establishing and operating Gelatissimo Stores, including, without limitation, confidential manuals (collectively, the "Manual"), business techniques, training methods, marketing, advertising and sales promotions, equipment and products, cost controls, accounting and reporting procedures, personnel management, quality customer service, distinctive interior design and display procedures, and color scheme and décor (the "Trade Dress"). The Franchise Program may be changed, improved and further developed by us.

As a Master Franchisee, you will have the rights and obligations to grant franchises to subfranchisees to develop, own and operate Gelatissimo Stores in your Territory. You may offer and sell single Gelatissimo Store Franchises under a Store Franchise Agreement or multiple Gelatissimo Store Franchises under an area development agreement to qualified third parties, yourself and/or an affiliate entity owned by you (collectively, "Subfranchisees"). Before you offer or sell a Gelatissimo Store Franchise, you must prepare and use a Gelatissimo Store Franchise Agreement, a Store Area Development Agreement, and a Store Franchise Disclosure Document. You must use the templates we provide to you as models for preparing the Store Franchise Agreement and Store Area Development Agreement, subject to having your own attorney review and revise the documents for your Territory. Copies of the templates for our current form of Store Franchise Agreement and Store Area Development Agreement are attached as **Exhibit J and Exhibit K**, respectively. You must obtain our consent to any changes, modifications, or amendments you make to these documents.

You will sign the Store Franchise Agreements and Store Area Development Agreements as Master Franchisee with each of the Subfranchisees. You or an affiliate entity owned by you ("Related Entity") must open and operate a Gelatissimo Store Franchise for you to use for training purposes within your Territory (the "Training Store"). You and/or your Related Entity are permitted to own and operate multiple Gelatissimo Stores ("Direct Store Franchises") in the Territory. You or your Related Entity, whichever is applicable, must sign a separate Store Franchise Agreement with you, as Master Franchisee, for each Direct Store Franchise. You must meet or exceed the minimum development obligation set forth in Schedule 2 of the Master Franchise Agreement (the "Minimum Franchised Outlets Requirement") within each of the time periods specified therein, by either opening Direct Store Franchises or selling subfranchises.

Market and Competition

The market for gelato, ice cream and frozen dessert shops/stores/parlor franchises is well-developed, not seasonal, and very competitive. As a Master Franchisee of Gelatissimo Stores, you will compete with brokers, franchisors, independent businesses and other individuals and entities offering and selling franchises or other business opportunities in similar businesses with similar capital investment requirements.

Applicable Regulations

As a subfranchisor/Master Franchisee, you are responsible to know and comply with all federal, state and local laws applicable to the operation of your business as a subfranchisor. You must obtain all business licenses and authorizations required for the operation of your Master Franchisee Business. You should examine the federal and state laws that concern the sale of franchises. The Federal Trade Commission and certain states regulate the sale of franchises and the relationship between franchisors, subfranchisors and franchisees. You must comply with these laws before you solicit the sale of Gelatissimo Store franchises in your Territory, when you solicit the sale, and before and after you enter into an agreement with a franchisee. There may be other laws that apply to you and your Master Franchisee Business. We recommend that you consult with an attorney to determine which laws will be applicable to you and your Master Franchisee Business and to understand what you will need to do to comply with these laws.

You and your Subfranchisees are responsible for knowing and complying with all laws and licensing requirements related to the operation of Gelatissimo Store Franchises. You must comply with federal, state, and local health and environmental safety regulations concerning the proper handling, cooking and serving of food products. These regulations may include menu labeling laws, laws relating to the storage of food, use of appropriate cooking temperatures, and laws which effect how you train and supervise your staff. You must also comply with all applicable federal and state employment laws, as well as building code laws which may affect how your Gelatissimo Store looks, what signs you may display, and the amount and type of parking, or hours of operation that you may keep.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in ice cream parlors. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

The Health Care Reform Bills that became law in March 2010 contain provisions that require disclosure of nutrition and calorie information in chains of more than 20 restaurants. California law requires each food facility that meets specified criteria (which cover franchised outlets with at least 19 other franchised outlets with the same name among certain other food facilities) to provide nutritional information that includes, per standard menu item, the total number of calories, grams of saturated fat, grams of trans fat, and milligrams of sodium and to have menu boards to include the total number of calories. Other states and cities may have laws similar to these laws. You should consult with your attorney concerning these and other local laws and ordinances that may affect your Gelatissimo Store.

ITEM 2 BUSINESS EXPERIENCE

<u>Director and Co-President: John Steven Roth</u>
Mr. Roth has been a member of our Board of Directors and our Co-President since our inception. He has been a Co-Trustee of our Parent since its formation on November 7, 2018. He is also a member of the Board

of Directors for our affiliate Gelatissimo Pty Limited and has held that position since its inception in May 2002. Since January 1993, Mr. Roth has been Co-Managing Director of Henroth Investments Pty Limited, a private property investment, development and management company in Sydney, Australia. All positions listed here for Mr. Roth are located in Sydney, New South Wales, Australia.

Director and Co-President: Stanley Barry Roth
Mr. Roth has been a member of our Board of Directors and our Co-President since our inception. He has been a Co-Trustee of our Parent since its formation on November 7, 2018. He is also a member of the Board of Directors for our affiliate Gelatissimo Pty Limited and has held that position since its inception in May 2002. Since January 1993, Mr. Roth has been Co-Managing Director of Henroth Investments Pty Limited, a private property investment, development and management company in Sydney, Australia. All positions listed here for Mr. Roth are located in Sydney, New South Wales, Australia.

Chief Executive Officer: Braeden Lord
Mr. Lord has been our Chief Executive Officer since March 2022. He is also the CEO for our affiliate Gelatissimo Pty Limited, located in Sydney, New South Wales, Australia, and has held that position since March 2022. Prior to joining us and between July 2015 and March 2022, Mr. Lord was the General Manager of Operations for 7-Eleven Australia in Melbourne, Victoria, Australia.

Chief Financial Officer: Ren “Nancy” Yu
Ms. Yu has been our Chief Financial Officer since our inception. She is also the CFO for our affiliate Gelatissimo Pty Limited and has held that position since April 2006. All positions listed here for Ms. Yu are located in Sydney, New South Wales, Australia.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee. You must pay us a lump sum, initial franchise fee (the “Initial Franchise Fee”) in an amount ranging from $100,000 to $1,000,000 to establish a Master Franchisee Business under a Master Franchise Agreement. The Initial Franchise Fee is due upon the signing of the Master Franchise Agreement in the form of a cashier's check, wire transfer or electronic check (“eCheck”). The amount of the Initial Franchise Fee is determined by, among other factors, the population of your Territory. Generally, the Initial Franchise Fee will fall within the ranges set forth below:

For a Territory with a population up to 4 million, the Initial Franchise Fee will be $100,000;

For a Territory with populations between 4 million and 7 million, the Initial Franchise Fee will range between $100,000 to $200,000;

For a Territory with populations between 7 million and 10 million, the Initial Franchise Fee will range between $125,000 to $250,000;

For a Territory with populations between 10 million and 18 million, the Initial Franchise Fee will range between $150,000 to $300,000;

For a Territory with populations between 18 million and 25 million, the Initial Franchise Fee will range between $175,000 to $350,000; and

For a Territory with populations over 25 million, the Initial Franchise Fee will range between $250,000 to $1,000,000.

The Initial Franchise Fee is fully earned by us when paid and is not refundable except as provided in this Item. You may reserve a Territory prior to signing the Master Franchise Agreement by paying us a deposit fee in an amount equal to 10% of the Initial Franchise Fee ("Deposit Fee") and signing the Letter of Intent (“LOI") attached as **Exhibit L**. You will then have 60 days to determine whether you would like to sign a Master Franchise Agreement to operate a Master Franchisee Business within the Territory. If you sign a Master Franchise Agreement within the 60-day period after you sign the LOI, the Deposit Fee will be applied to the Initial Franchise Fee and the remainder of the Initial Franchise Fee will be due at signing. In the event you decide not to sign a Master Franchise Agreement, you must provide us with a written request for a refund within the 60-day period after you sign the LOI. We will then refund you the Deposit Fee paid minus any professional fees we have incurred.

Initial Inventory of Products. Prior to the opening of your Master Franchisee Business, you must purchase an initial inventory of Gelato Kits, branded products and other products (“Initial Inventory of Products”) from us. The costs for your Initial Inventory of Products will range from approximately $25,000 to $50,000 depending upon the size and location of your initial Gelatissimo Store. The cost of the Initial Inventory of Products is non-refundable, in whole or in part, under any circumstances.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Store Royalty Fee[1]	$100 per week, per opened Store in your Territory.	Due and payable on the 15th day of each month for the prior month.	You will pay us this fixed royalty fee for each Gelatissimo Store that is open in your Territory, including Stores owned by you or your Related Entity.
Global and National Advertising[2]	Pro-rata portion, plus freight or courier charges.	As agreed.	Payable to us if we conduct a global or national advertising campaign, or any marketing or promotions that benefit you.
Marketing Fund Fee	An amount we designate, up to 2% of Gross Sales in your Territory or a flat fee of $300 per week, per opened Store in your Territory.	Due and payable on the 15th day of each month for the prior month.	If we establish a Marketing Fund, you will pay us this Marketing Fund Fee for each Gelatissimo Store that is open in your Territory, including Stores owned by you or your Related Entity.

Type of Fee	Amount	Due Date	Remarks
Gelato Kits, Branded Products and other Products[3]	Varies, as needed. Minimum purchase per Store per year is $30,000.	7 days before shipping	You will complete an approved order form 30 days in advance of the shipping date. Your order must be for a minimum value as agreed upon and set forth in your Master Franchise Agreement.
Additional Training, Ongoing Support and Assistance	$500 - $1,500 per day, plus travel and living expenses.	Prior to training.	This is for additional training, support or assistance you need or request at your Gelatissimo Store. If you attend training at our facility in Australia, you will only be responsible for your and your employees' travel and living expenses (and your employees' wages, if applicable.)
Late Fees	The lesser of 1.5% per month or the highest rate of interest allowed by law.	Upon demand.	Applies to all amounts not paid when due, until paid in full. We may also require you to pay an administrative fee of $50 for each late payment or late report.
Renewal Fee	50% of the Initial Franchise Fee you paid for the initial term.	At time of renewal.	The Renewal Fee is payable if and when you renew the term of your Master Franchise Agreement.
Transfer Fee	$15,000	On date of transfer.	Payable if you transfer/assign your Master Franchise Agreement.
Audit Fees	All costs of or relating to the audit.	Within 7 calendar days from written demand by us.	Payable only if audit shows an understatement in any report of Gross Sales with a discrepancy of 2% or more.
Alternative Supplier Approval [4]	$1,500 per day for personnel engaged in evaluating a supplier.	At time of request.	Additionally, you must reimburse us for any travel, accommodations, and meal expenses.
Cost of Enforcement or Defense	All costs we incur, including attorneys' fees	Upon settlement or conclusion of claim or action.	You will reimburse us for all costs in enforcing our obligations concerning the Master Franchise Agreement if we prevail.

Type of Fee	Amount	Due Date	Remarks
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action.	You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Master Franchisee Business.
Our Travel and Accommodation Expenses	Actual Costs	Within 21 business days from your receipt of our invoices.	You must reimburse us for all our reasonable travel and living expenses incurred in approving the location of your Gelatissimo Stores and furnishing our assistance and services to you in their establishment and operation.

All fees are uniformly imposed by and are payable to us, unless otherwise noted. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party. Any fees paid to us are non-refundable unless otherwise noted. Fees payable to third parties may be refundable based on your individual arrangements.

Notes to Chart for Franchise Agreement:

[1] Store Royalty Fee. You will pay us this fee through electronic funds transfer. You must participate in our electronic funds transfer program. You must sign and deliver to us an unconditional, irrevocable authorization to enable our financial institution to debit bank accounts at your bank in order to pay us the Store Royalty Fees and other amounts that you may owe us under the Master Franchise Agreement or any other agreement between you and us.

[2] Global and National Advertising Contribution. If we determine its reasonable and beneficial to the Gelatissimo brand and System to conduct a global or national advertising campaign, or any marketing or promotions to which your Master Franchisee Business will benefit, you will contribute a pro-rata portion of the costs determined by the number of Gelatissimo outlets then trading throughout the world.

[3] Gelato Kits, Branded Products and other Products. You are required to purchase a minimum amount of products, including Gelato Kits, branded products and other products, from us to supply to your Subfranchisees for their Gelatissimo Stores, including Stores owned by you. You must purchase a minimum of $30,000 of products per year for each Gelatissimo Store located in your Territory. We will ship the goods from our facility in Sydney, Australia, within 30 days of receiving your order. You are responsible for arranging the shipping, unless we agree otherwise in writing.

[4] Alternative Supplier Approval. You may request the approval of an item, product, service or supplier. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE [1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$100,000 - $1,000,000	Lump Sum, by cashier's check or eCheck	At signing of Master Franchise Agreement	Us
Travel and Living Expenses While Training [3]	$7,000 - $14,000	As arranged	As incurred	Transportation Carriers, Hotel Facilities, Etc.
Office Furniture, Fixtures and Supplies [4]	$3,000 - $5,000	As arranged	As incurred	Approved Suppliers and Vendors
Professional Fees[5]	$10,000 - $45,000	As arranged	As incurred	Lawyers, Accountants, Architects, Engineers, Etc.
Business License and Permits[6]	$1,000 - $3,000	As arranged	As arranged	Local, State or Federal Government
Insurance[7]	$1,000 - $5,000	As Arranged	Before Opening Your Business	Insurance Carrier
Computer Hardware and Software [8]	$2,000 - $5,000	As arranged	As arranged	Approved Suppliers and Vendors
Initial Inventory of Products[9]	$25,000 - $50,000	As arranged	In accordance with invoices	Us
Estimated Initial Investment for Training Store[10]	$213,500 - $363,100	As arranged	As arranged	Approved Suppliers and Vendors
Additional Funds – 3 months[11]	$20,000 - $30,000	As arranged	As incurred	Employees, Vendors, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT [12]	**$382,500 - $1,520,100**			

All amounts are non-refundable unless otherwise noted.

Notes to Chart:

[1] General. This chart addresses your costs for establishing a Master Franchisee Business, and as part of that we require you to open and operate one Gelatissimo Store, so this chart also addressed your costs for building out that Store. All amounts payable to us are nonrefundable, unless otherwise noted. Amounts

payable to suppliers/vendors may be refundable according to arrangements you make with the vendor. These figures are estimates of the range of your initial costs in the first 3 months of operation only. The above estimated costs assume that you will have your office either in your Training Store or in your home. If you rent separate office space your initial investment expenses will increase due to the cost of rent, a security deposit, utilities and possibly utility deposits.

[2] Initial Franchise Fee**.** If you have signed a LOI and paid a Deposit Fee, the Deposit Fee will be applied to the Initial Franchise Fee and you will owe the balance of the Initial Franchise Fee when you sign the Master Franchise Agreement. If you have not signed a LOI and paid a Deposit Fee, the entire Initial Franchise Fee will be due when you sign the Master Franchise Agreement. Please see Item 5 of this Disclosure Document for more detailed information on the Initial Franchise Fee. We do not provide financing for the Initial Franchise. The Initial Franchise Fee is non-refundable. You will not be required to pay us any initial franchise fees for the Store Franchised Outlets in your Territory.

[3] Travel and Living Expenses while Training. You will be required to attend a training program at our training facility in Australia, or alternatively at a location in the United States, that we may designate in our discretion for the Master Franchisee Business. The cost of the training is included in the Initial Franchise Fee; however, you must pay for all costs incurred by you while attending training (e.g., transportation, meals, lodging and other expenses). The amount you will spend while training will depend on several factors, including the number of persons attending, the distance you must travel and the type of accommodations you choose, if any are needed.

[4] Furniture, Fixtures, and Office Supplies. This is a range of expenses that will be incurred when decorating and furnishing your office. Both the low-end and the high-end numbers represent a straight purchase of all office furniture, fixtures and supplies.

[5] Professional Fees. We recommend that you hire an attorney to help you set up your business. You must prepare and use in the operation of your Master Franchisee Business, a Store Franchise Agreement, Store Area Development Agreement, and Store Franchise Disclosure Document at your expense. You must use the templates we provide to you as models for preparing such documents, subject to having your own attorney review and revise the documents as necessary with information regarding you and required disclosures for your Territory. You are also responsible for complying with all local franchise regulation and registration laws and the payment of all registration and filing fees at your expense. We also recommend that you work with a qualified accountant, CPA or bookkeeper to set up your business, and for payroll or other services. The estimate includes legal and accounting fees for the start-up of your Master Franchisee Business. You will be responsible for engaging an architect, engineer, and/or other qualified professionals, to prepare the building plans for your Store and for your sub-franchisees' Stores. The building plans need to include 3D renderings, must comply with any state or local building laws, and meet any requirements imposed by a landlord. You may also need to hire a project manager to oversee the construction of the Stores, depending upon your qualifications.

[6] Business License and Permits. The range of costs covers the expense to acquire the required local business permits. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your Master Franchisee Business. Our estimated costs include building permits, fire inspection, sales tax permit, and retail sales permits.

[7] Insurance. This estimate is for 3 months of your minimum required insurance. The actual cost may be more than shown here. You will need to check with your insurance carrier for actual premium quotes and costs, and for the actual amount of deposit. Insurance costs can vary widely, based on the area in which your business is located, your experience with the insurance carrier, the loss experience of the carrier, the amount

of deductibles and of coverage, and other factors beyond our control. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

[8] Computer Hardware and Software. You must acquire a computer for use in the operation of your Master Franchisee Business to manage your franchise sales, ordering, emails, etc. Your computer system must be equipped with a high-speed connection to the Internet and must include a local area network with a dedicated server. You must install and use the electronic data processing and communications hardware and software, including voicemail, business management software, and a POS system designated by us, which may require multiple terminals in each Store. Please see Item 11 of this Disclosure Document for more information on the Computer System.

[9] Initial Inventory of Gelato Kits and Products. Prior to opening your first Store in the Territory, you are required to purchase a minimum amount of products, including Gelato Kits, branded products and other products, from us to supply to your Subfranchisees for their Gelatissimo Stores.

[10] Estimated Initial Investment for Training Store. Before beginning operations of your Master Franchisee Business, you must establish and open a Training Store. The Training Store will be offered under a separate Store Franchise Disclosure Document prepared by you. As Master Franchisee, you will sign the Store Franchise Agreement for the Training Store with yourself or your Related Entity. You will not pay us any initial franchise fees for the Franchised Outlets in your Territory. The amount listed here is our estimated initial investment for opening a Gelatissimo Store and does not include an initial franchise fee for the Training Store. The low-end of the range represents the estimated initial investment for a Gelatissimo Kiosk and the high-end for a Gelatissimo Cafe.

[11] Additional Funds. This is an estimate of certain funds needed to cover your Master Franchisee Business (not personal) expenses during the first three months of operations. These expenses include initial employee wages, management compensation (but not any draw or salary for you), ongoing purchases of products, equipment and supplies, marketing and local advertising, utilities, repairs and maintenance. Your cost will depend upon your management skill, experience and business acumen; local economic conditions; the prevailing wage rate; competition; and sales during the period. This estimate is based on our affiliate Licensor's experience of owning, operating and franchising Gelatissimo Stores for 18 years. The estimates presented relate only to costs associated with the franchised business and do not cover any personal, "living," unrelated business or other expenses you may have.

The availability and terms of financing to you will depend upon factors such as the availability of financing in general, your credit-worthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you operate. This estimate does not include any finance charge, interest, or debt service obligation.

[12] Total Estimated Initial Investment. All of the above figures are estimates of certain initial start-up expenses. The total listed above does not include compensation for your time or labor or any return on your investment. Your costs will vary depending on such factors as: how closely you follow the Gelatissimo System; your management and marketing skills, experience and general business ability; and local and general economic conditions, including disposable income. You should review these figures carefully with a business advisor (such as an accountant) before making any commitments.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods

You must purchase raw products ("Gelato Kits"), branded products and ancillary items from us for your Training Store and to sell to your Subfranchisees. We are the only approved supplier of the Gelato Kits, branded products, and ancillary items. Other than those items, neither we nor our affiliates are approved suppliers for products or services, but we reserve the right to become approved suppliers, or the only approved suppliers, of them in the future.

Required and Approved Suppliers

You must follow the standards and specifications we periodically establish for certain products, equipment, supplies, computer hardware and software, and indoor and outdoor signs required for your Master Franchisee Business. You must purchase from Approved Suppliers and suppliers who meet our quality specifications. We will provide you with information regarding one or more suppliers for each specified product/service.

We may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our business judgment. These suppliers may include, and may be limited to, us or an affiliate of ours. There is no assurance that we will designate more than one supplier for any item, including items for which we are the only designated supplier. On notice by us, you will immediately cease and desist from using/offering any equipment, products, and/or services otherwise not authorized by us. (Master Franchise Agreement, Section 6.15(c))

We do not currently have Approved Suppliers for architecture, design, engineering or project management, but we reserve the right to designate Approved Suppliers for these services.

Insurance

You are obligated to obtain and maintain, at your sole expense, all of the insurance coverages that we require. Your policy or policies must be written by an insurance company licensed in the state in which you operate the Store. The insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide, in accordance with standards and specifications set forth in the Manual. The standards may vary depending on the size of your Master Franchisee Business and the number of Direct Store Franchisees you own and/or other factors, such as what is customary for businesses of your type in your area, but we typically require commercial general liability insurance, including, but not limited to owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause, personal and advertising injury, and products/completed operations, medical payments and fire damage liability; worker's compensation and employer's liability; "All Risk" or special property coverage; business interruption insurance; automobile liability insurance; cyber liability insurance; any other insurance required under a lease or license, or under the laws in your Territory.

We reserve the right from time to time to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. We will provide you with written notice of any change in our insurance requirements. You will have 60 days from receipt of such notice to revise your coverage, as specified in the notice.

Your insurance must name us as an additional insured and contain a clause requiring notice to us thirty (30) days in advance of any cancellation or material change to any such policy. The "Additional Insured Endorsement" must be approved in writing by us. You must maintain such additional insured status for us on your general liability policies continuously during the term of the Master Franchise Agreement. We are not an approved supplier of insurance.

Computer System

You must acquire the computer system that we specify, including computer hardware and software, business management systems and/or a point-of-sale ("POS") reporting system (collectively, the "Computer System"). The component parts of the Computer System must be purchased from approved suppliers. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. The Computer System is described in more detail in Item 11 of this Disclosure Document. We are not an approved supplier of the Computer System.

Credit Cards

You are required to honor all credit, charge, courtesy and cash cards that we approve in writing. To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with the sale of products and services at the Store, you are required to maintain the security of cardholder data and adhere to the then-current credit card security standards which can be found at www.pcisecuritystandards.org for the protection of cardholder data throughout the term of your Franchise Agreement. You are responsible for the security of cardholder data in your possession or control and in the possession or control of any of your employees that you engage to process credit cards. You must, if we request that you do so, provide appropriate documentation to us to demonstrate compliance with applicable PCI DSS requirements by you and all your employees. In the event of a breach or intrusion of or otherwise unauthorized access to cardholder data, you must immediately notify us in the manner required in the PCI DSS requirements and provide an approved third-party full access to conduct a thorough security review following a security intrusion.

Approval of Alternate Suppliers

You can request the approval of an item, product, service or supplier by notifying us in writing and submitting such information and/or materials we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. These charges may include reimbursement for reasonable travel, accommodations and meal expenses, plus a fee of $1,500 per day for any personnel who are engaged in evaluating a supplier at your request. We will notify you in writing of our approval or disapproval within 90 days after you make a written request. (Master Franchise Agreement, Section 2.3)

We may condition and/or revoke our approval of particular items or suppliers as we choose. Our criteria for supplier approval are available to you upon request. Designation of a supplier may be conditioned on factors established by us in our business judgment, including, without limitation, performance relating to quality of results, accuracy of results, frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may approve, or revoke or deny approval, of particular items or suppliers in our business judgment.

Our specifications and standards for purchasing are in the Manual, as modified periodically.

Approvals of an alternative supplier, or any supplier, may be revoked by us at any time, in our sole discretion, for reasons that include, but are not limited to, quality and service deficiencies by the supplier, a desire to consolidate purchases with a different supplier, financial problems or insolvency of the supplier, and other reasons.

Our Ownership Interest in a Supplier

Our Co-Presidents have an ownership interest in us through our Parent and we are the sole Approved Supplier of Gelato Kits, branded products, and certain ancillary items that you are required to purchase from us and sell to the Subfranchisees in your Territory.

Revenues from Suppliers

We may receive revenues from required purchases by approved suppliers, although the basis for determining the amount of such revenues has yet to be determined. We have the right to receive promotional allowances and rebates, commissions and other consideration from suppliers.

Revenue from Franchisees Purchases

We will derive revenue as a result of your purchase of the Gelato Kits, branded products, and certain ancillary items from us.

However, during our fiscal year ended June 30, 2020, we did not receive any revenue or other material benefits from such required purchases or leases. We estimate that your required purchases, purchases from Approved Suppliers and purchases that must meet our specifications in total will be about 55% to 63% of your total purchases to establish the Master Franchisee Business and about 50% to 58% of your purchases to continue the operation of the Store.

Cooperatives

We do not currently operate or sponsor any purchasing cooperatives, nor do we plan to organize any in the future. When possible, we attempt to negotiate bulk purchasing discounts with suppliers on behalf of our franchisees.

Material Benefits

Other than demonstrating compliance with the Gelatissimo System standards, and adherence to the Manual, your use of an Approved Supplier will have no bearing on your right to purchase additional franchises, or to exercise any option to renew an existing franchise.

Negotiated Prices

We may negotiate volume purchase agreements with some vendors or Approved Suppliers for the purchase of goods and equipment needed to operate the Master Franchisee Business.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Master Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2.1(b), 2.3, 2.9, and 2.10	Items 11 and 12
b. Pre-opening purchases/leases	Sections 5.4, 6.3, and 6.5, Schedule 1 and Attachment 2	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 2.1, 2.2, 2.7 and 2.11	Items 6, 7 and 11
d. Initial and ongoing training	Sections 5.1 and 6.13, and Schedule 2, Item 10	Items 6, 7 and 11
e. Opening	Section 2.7 and Schedule 2, Item 8(a)	Item 11
f. Fees	Sections 3.2(h), 4, and 16.2(c)(viii), and Schedule 1, 2.3, and Schedule 2	Items 5 and 6
g. Compliance with standards and policies / Operating Manual	Sections 6.15, 7, 9, 11, 12 and 13	Item 11
h. Trademarks and proprietary information	Sections 8, 9 and 10	Items 13 and 14
i. Restrictions on products/services offered	Sections 6.3, 6.4, 6.5 and 6.8 and Schedule 1 and Attachment 2	Items 8 and 16
j. Warranty and customer service requirements	Section 5.7 and 5.8	Not Applicable
k. Territorial development and sales quotas	Section 6.1 and Schedule 2	Item 12
l. Ongoing product/service purchases	Sections 6.15(a), 6.3, 6.5 and 6.8 and Schedules 1 and 2, Item 8(b) and Attachment 2	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 5.3, 6.9, 7.10, 7.11 and 13.1	Items 6 and 17
n. Insurance	Section 14	Items 6, 7 and 8
o. Advertising and Marketing Fund	Section 12	Items 6 and 11
p. Indemnification	Section 22	Item 6
q. Owner's participation/ management/staffing	Sections 6.2, 13.4, and 19.1	Item 15
r. Records and reports	Section 11	Item 11
s. Inspections and audits	Sections 2.15, 5.3, 6.15, 11.2 and 11.4	Items 11

Obligation	Section in Master Franchise Agreement	Disclosure Document Item
t. Transfer	Section 16	Items 6 and 17
u. Renewal	Sections 3.2 and 3.3	Item 17
v. Post-termination obligations	Section 18	Item 17
w. Non-competition covenants	Section 19	Item 17
x. Dispute resolution	Section 27	Item 17
y. Other: Guarantee of Performance	Section 2.3 and Schedule 4	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing for any amount due under the Master Franchise Agreement. We do not guarantee your note, lease or any other obligation.

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

Except as listed below, we are not required to provide you with any assistance.

A. **Pre-Opening Assistance**

Before the opening of your Master Franchise Business:

1. We will designate your Territory. (Master Franchise Agreement, Schedule 2, Item 3) The office for your Master Franchise Business may be in your Training Store, your home or another office location within your Territory.

2. Provide training on all processes and procedures related to the System and Master Franchisee Business at our home offices and at a Gelatissimo Store in NSW, Australia, or at an alternative location in the United States that we may designate, for you and another individual that you designate (e.g., your store manager or operations manager) at no cost to you. However, you must arrange and pay for the costs of all transportation, lodging, wages, and meals for yourself and your employees who attend the training. (Master Franchise Agreement, Section 5.1(a) and Schedule 2, Item 10)

3. We will provide 10 days of initial Store set-up, support and training at your first Direct Store Franchise in your Territory, 5 days prior to the opening and 5 days after the opening. We may also require you and your team to attend additional online training. You must pay for the costs of your employees to attend the training. (Master Franchise Agreement, Section 5.1(b) and Schedule 2, Item 10)

4. Concurrently with the execution of your Master Franchise Agreement, we will lend you a copy of the Manual. The Manual may be provided electronically, in which case, we will grant you online access to an electronic version of the Manual during the term of the Master Franchise Agreement. You must strictly comply with the Manual in operating the Master Franchisee Business. We may modify the Manual from time to time. (Master Franchise Agreement, Sections 5.1(g) and 9). The Manual consists of approximately 358 pages. The Table of Contents of the Manual is attached to this Disclosure Document as **Exhibit E.**

5. Provide you with templates for our current form of Store Franchise Agreement and Store Area Development Agreement. You must submit all of your changes to such documents to us for our written approval before using them in your Master Franchisee Business. We will promptly review and respond to your request for approval within 15 business days from receipt of the agreement. (Master Franchise Agreement, Sections 2.11 and 7.4.)

6. Provide approved suppliers or specifications for the products and services you need for the Master Franchise Business. (Master Franchise Agreement, Sections 5.4 and Attachments 1, 2 and 3)

We are not required to provide any other service or assistance to you before the opening of the Store.

B. **Typical Length of Time Before Operation:**

We estimate that the typical length of time between signing of the Master Franchise Agreement and the opening of a Master Franchisee Business is approximately the same time it takes to open the Training Store, which is 4 to 6 months after signing the Master Franchise Agreement. Factors affecting the length of time usually include obtaining a satisfactory site, zoning and governmental requirements, financing arrangements, building improvements, and purchase and installation of equipment, fixtures, and signs. The COVID-19 pandemic may also create additional unforeseen delays and difficulties. The opening of the Training Store may be delayed only if such delay is caused by contingencies not within your control, such as, acts of God, governmental restrictions, strikes, or labor disputes. If you do not open your first Direct Store Franchise/Training Store within 6 months of the execution of the Master Franchise Agreement, we have the right to terminate the Master Franchise Agreement.

C. **Our Obligations During the Operation of the Franchised Business**

During the operation of your franchised business, we will:

1. Specify or approve certain products, equipment and suppliers to be used in the Master Franchise Business (Master Franchise Agreement, Sections 6.3, 6.5 and 6.8).

2. Assist you in advertising and promotion of the products and Gelatissimo Stores in such manner, form and frequency as we reasonably deem appropriate, at your cost. (Master Franchise Agreement, Sections 5.1(h))

3. Provide additional training to you and any of your employees at your request. You are responsible for any and all costs associated with such additional training (Master Franchise Agreement, Section 5.1(d)).

4. Supply you, either directly or through our affiliate, with Gelato Kits and branded products under the supply terms and specifications set forth in the Master Franchise Agreement. (Master Franchise Agreement, Section 5.4)

During the operation of your franchised business, we may:

5. Provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention. We may make recommendations that

we deem appropriate to assist your efforts. However, you alone will establish all requirements, consistent with our policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom you will offer and sell your products and services; and (iii) the suppliers from whom you obtain any products or services used in your Master Franchisee Business or Store for which we have not established Approved Suppliers. (Master Franchise Agreement, Section 5.1(f))

6. Inspect the Gelatissimo Stores in your Territory to determine whether the Stores are being operated in accordance with the System and the Manual and determine if you and your Subfranchisees have satisfactorily complied with the terms of your Franchise Agreements. (Master Franchise Agreement, Section 5.3)

D. **The Marketing Fund and Advertising**

We do not currently have a general marketing or advertising fund. We have the right to create a "Marketing Fund" in the future to promote the Gelatissimo System and Stores. If we establish a Marketing Fund, you must pay up to 2% of Gross Sales in your Territory or a flat fee of $300 per week, per opened Store in your Territory. ("Marketing Fund Fee"). (Master Franchise Agreement, Section 4.3 and Section 12.5)

The advertising requirements are uniform to all franchisees, and are not refundable. Gelatissimo Stores owned by us will contribute to the Marketing Fund on the same basis as franchisees.

The Marketing Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Marketing Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Marketing Fund will be utilized. We may use the Marketing Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the Marks. We may use any media for disseminating Marketing Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Marketing Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Marketing Fund. We do not guarantee that advertising expenditures from the Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Marketing Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Marketing Fund or to maintain, direct or administer the Marketing Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Marketing Fund on any terms we deem reasonable.

The Marketing Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Marketing Fund that shows how the Marketing Fund proceeds have been spent for the previous year. We did not collect or spend any Marketing Fund Fees during our last fiscal year.

We do not require that our franchisees participate in local or regional advertising cooperatives nor do we require you to spend a certain amount on advertising. However, you must contribute your pro-rata portion, plus freight or courier charges, determined by reference to the number of Gelatissimo Stores then trading throughout the world, of the cost of any part of any advertising campaign, or any marketing or promotions that we reasonably determine advisable and beneficial to conduct. (Master Franchise Agreement, Section 12.3)

You may develop advertising materials for your own use, at your own cost. All your advertising and marketing must conform and comply with our brand standards and requirements, as set forth in the Manual and otherwise communicated to you by us. You must submit all of your own advertising, marketing, and sales promotion materials to us for our prior consent. If you do not receive written disapproval within 30 days after we receive the materials, we will be deemed to have given approval. You will not advertise or use in advertising or other form of promotion the Marks without the appropriate trademark and service mark registration symbols for those Marks which are registered. (Master Franchise Agreement, Section 12.2)

You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Manual regarding social media activities. Any use of Social Media by you pertaining to the Store must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Store that does not comply with the Franchise Agreement or the Manual. (Master Franchise Agreement, Section 12.12)

E. **Training.**

Before you commence operations of your Master Franchisee Business, we will provide you and another individual that you designate (e.g. your store manager or operations manager) with a mandatory Initial Training Program at our headquarters in New South Wales, Australia, or at an alternative location in the United States, at our sole discretion. We do not charge you a fee for the Initial Training Program. You must attend all scheduled training days and times and must complete the Initial Training Program to our satisfaction. You are responsible for all travel, lodging, food, wages, wage-related expenses and other expenses in connection with training for you and your employees.

The length of our Initial Training Program in Australia is approximately two (2) weeks, or for any other time period as we select in our sole discretion, with a combination of classroom training and on-the-job training at a Gelatissimo Store or at another training facility that we designate. The training covers the basic aspects of establishing and operating a Gelatissimo Master Franchisee Business, including the making, merchandising, and serving of our gelato products, establishing and operating a Gelatissimo Store, training and assisting Subfranchisees, regional and local marketing, and the offering and selling of Gelatissimo Stores.

We will also provide you with ten (10) days of Store Training at your first Direct Store Franchise. The Store Training will begin 5 days prior to the opening of the Store and continue 5 days after the opening, and will cover initial store set up, support and training in the operation of the System. We may also require you and your team to attend additional online training as you prepare to open your Training Store. You must pay for the costs of your employees to attend the training.

Training requirements are communicated and updated through periodic memos, publications and manuals. The following is an outline of our current Initial Training Program:

MASTER FRANCHISEE TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Gelatissimo Online Training Portal	10	0	Our corporate headquarters located in New South Wales, Australia, or at an alternative location in the United States designated by us.
Workplace Health & Safety[1]	2	4	
Food Safety[2]	2	4	
Customer Service	2	5	
Visual Merchandising/Retailing	2	5	
Cash/EFT/POS Handling & Security	2	2	
Product Service	2	5	
Coffee-making	1	3	
Gelato Production/Planning	1	5	
Equipment Use and Maintenance	1	1	
Refrigeration Basics and Understanding	2	2	
Local Store and National Marketing	2	2	
Managing the Business (Operations)	2	2	
Financial/Business Management	2	0	
Stock Deliveries/Ordering Process/Stocktaking	2	2	
Rostering and HR	2	0	
POS Training	0	2	
Staff Training	2	2	
TOTAL	**39**	**46**	

[1] You may also need to obtain certifications as required by State or local authorities depending on the location of your Master Franchise.

Scott Leith, who is the Vice President, United States Operations for our affiliate Gelatissimo Pty Limited, is in charge of the training program. He has more than five (5) years of experience in the gelato/frozen dessert industry and the subjects taught, and has been employed by our affiliate since April 2017. The training program is conducted on an as needed basis. Our primary instruction is through hands-on training, videos, the Manual and other instructional materials we prepare specifically for our Initial Training Program. We may designate another suitably qualified person to provide this training at our discretion.

Additional Training

At your request and/or in our discretion, we may provide you and/or your employees with additional training in Australia or in your Territory. You will be solely responsible for all costs and expenses incurred by us or you and your employees in relation to travel, lodging, food, wages, wage-related expenses and other expenses in connection with attending the training. (Master Franchise Agreement, Section 5.1(d))

F**.** **Computer and POS Systems**

You must acquire a computer for use in the operation of your Master Franchisee Business. You must install and use the electronic data processing and communications hardware and software, including business management systems and an online point-of-sale reporting system ("POS System"), as designated by us (collectively, the "Computer System"). The Computer System must be equipped with a high-speed connection to the Internet and must include a local area network with a dedicated server.

The cost for the required Computer System is approximately $2,000 to $5,000. The annual support and maintenance costs are estimated to be approximately $1,500 to $3,000 per year, which costs you will pay directly to the approved supplier.

We will have independent access to information you generate and store on your POS System. The POS System is designed to enable us to have immediate access to the information monitored by the System, and there is no contractual limitation on our access or use of the information we obtain.

We reserve the right to require you to update or upgrade any computer hardware or software during the term of the franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation. Neither we nor our supplier have a specific obligation to you to maintain, repair, update or upgrade your Computer System. That is your sole obligation.

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Baked Bear Stores.

ITEM 12 TERRITORY

You will receive an exclusive territory within a designated area (the "Territory") as defined in the Master Franchise Agreement. You will operate your Master Franchisee Business from your Training Store or an office location in the Territory. You are not required to obtain our approval for your office location in the Territory, but you must provide us with the address. You may relocate your Master Franchisee Business office location anywhere within your Territory, at your sole expense, but you must provide us with written notice of your relocation and your new address.

So long as you are in compliance with all material terms of the Master Franchise Agreement and the Manual, and current in all accounts to us and our affiliates ("Good Standing") and are meeting your Minimum Franchised Outlets Requirement under the Master Franchise Agreement, we will not grant the right or licence for any other person or entity to establish any outlet using the Gelatissimo System anywhere within the Territory, nor will we sell, or grant the right or licence for any other person or entity to sell, any products that we authorize for sale at the Gelatissimo Store anywhere within the Territory. If you are not in Good Standing we may reduce, eliminate or otherwise modify your territorial rights, along with whatever other remedies are then available to us, including termination.

You must not conduct your Master Franchisee Business, use the Marks, System and/or distribute the Gelatissimo products or services outside your Territory without our prior written consent.

Except as expressly provided in the Master Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise, of present or future businesses, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license businesses or distribution channels of any type, licensed, franchised or company-owned, outside the Territory. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future.

We expressly reserve all other rights, and can (along with anyone we designate):

(1) grant other licenses for the Marks, in addition to those franchises already granted to existing franchisees, in other jurisdictions outside of the Territory at any time;

(2) use the Marks in connection with the sale of gelato, granita and other products at wholesale and retail outside the Territory;

(3) develop and establish other systems for the same or similar products using the same or similar Marks, or any other proprietary marks, and to grant licenses for such systems outside the Territory at any time, without providing you any right to them; and

(4) market and sell products and services to customers located anywhere inside or outside your Territory. We may use the internet or alternative channels of commerce to sell Gelatissimo-brand products and services.

We are not required to pay you if we exercise any of the rights specified above within your Territory. You are not entitled to any compensation, allowance, payment or other consideration on account of any products and services we may offer or sell using alternative channels of distribution in your Territory.

You may only sell the authorized products and services from within your Territory, and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us. You are not prohibited from obtaining customers over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

You must satisfy the Minimum Franchised Outlets Requirement contained in your Master Franchise Agreement. Schedule 2 to the Master Franchise Agreement will set forth the minimum number of

Gelatissimo Stores (whether owned by you, your affiliates or third parties) that must be opened and operating within various time periods throughout the term of the Master Franchise Agreement. Additionally, you must meet a certain Minimum Purchase Requirement set forth in Schedule 2 to the Master Franchise Agreement, which is currently $30,000 per year, per the number of Gelatissimo Stores open in your Territory. You must purchase a certain value of products from us throughout the term of your Master Franchisee Agreement. If you fail to meet the Minimum Franchised Outlets Requirement or the Minimum Purchase Requirement, we have the right to terminate your Master Franchise Agreement.

You or your Related Entity, whichever is applicable, must sign a separate Store Franchise Agreement for each Gelatissimo Store you wish to open in the Territory, including for your first Direct Store. We must approve the location of your first Direct Store and the location of the first Store established by a third-party Subfranchisee. You must sign a separate Store Franchise Agreement for each Store Franchise in your Territory. You must provide copies of the Store Franchise Agreements to us, upon our request.

ITEM 13 TRADEMARKS

We grant you the right to operate a Master Franchisee Business under the name "Gelatissimo." You may also use other current or future trademarks to operate your Master Franchisee Business that we designate. By trademark, we mean trade names, trademarks, service marks, and logos used to identify the Gelatissimo Stores and your Master Franchisee Business. The following Marks are registered or pending registration by us on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration No./ Serial No.	Registration Date/ Filing Date	Class
GELATISSIMO (word mark)	Reg. No. 3428486	Reg. Date: May 13, 2008 Renewed: May 18, 2018	35
	Serial No. 88379410	Filing Date: April 10, 2019	35
	Serial No. 88379377	Reg. Date: June 22, 2021	30
	Serial No. 88379464	Filing Date: April 10, 2019	35
	Serial No. 88379445	Filing Date: April 10, 2019	30

Affidavits of use and incontestability, and applications for renewal will be filed at the time specified by law.

There is a Trademark License Agreement dated December 7, 2018 ("Connecticut License"), between us and an unaffiliated third party ("Connecticut Licensee"), from whom we acquired the registered

"Gelatissimo" word mark, that restricts our right to use the registered Mark in the State of Connecticut. We have granted to the Connecticut Licensee an exclusive and royalty-free right to use the "Gelatissimo" word mark in the State of Connecticut solely in connection with her existing business selling gelato, ice cream and frozen confections. The term of the Connecticut License is for the life of the Connecticut Licensee. If the Connecticut Licensee transfers the Connecticut License, then the term is for the life of one (1) blood relative if transferred to such relative, or 20 years from the date of transfer if transferred to a third-party, who is not a blood relative. We may not use or license you to use the registered Mark in the State of Connecticut while the Connecticut License is in effect. We may, at our option, terminate the Connecticut License if the Connecticut Licensee files for bankruptcy or becomes insolvent, ceases to carry on her business, makes an unauthorized transfer, ceases to carry the required insurance coverages, is indicted for a crime of fraud, dishonesty or other acts, and for any other violation of the terms of the Connecticut License, including, but not limited to quality control provisions.

Other than the Trademark License Agreement described above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks to you.

We have knowledge of the following three infringing uses of our principal trademark "Gelatissimo": (1) a gelato vendor located in Washington, D.C. has been using the name "Gelatissimo" in connection with its business since 2000 and has a prior use claim; and (2) a gelato-maker machine with the name "Gelatissimo" by Nemox of Italy is available for purchase online. We are currently evaluating our rights with respect to each of the above known infringements and may (or may not) take legal action based on the advice of counsel, and the potential risk for confusion in the marketplace.

Other than the above-listed known infringements, we have no knowledge of any prior rights or infringing uses that could materially affect your use of the Marks in any state.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor any pending material litigation involving any of the Marks which are relevant to their use in any state. There are no pending interference actions or opposition or cancellation proceedings that significantly limit our rights to use or license the use of the Marks in any manner material to the Gelatissimo System.

The Master Franchise Agreement does not require us to protect any of the rights which you have with respect to the Marks. We are not obligated to indemnify you against or to reimburse you for any damages for which you may be held liable in any proceeding arising out of the use of the names or Marks or any costs incurred in the defense of any such claim. The Master Franchise Agreement also permits us to terminate the Master Franchise Agreement in the event you do not comply with the quality and operating standards set forth in the Master Franchise Agreement.

You must use all Marks in compliance with the Master Franchise Agreement and the Manual. You cannot use the "Gelatissimo" name or any of the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You must not establish a website on the Internet using any domain name containing the Marks or any variation thereof without our written consent. We retain the sole right to advertise on the Internet and create a website using the Marks as domain names.

If it becomes advisable, in our sole discretion, for us to modify or discontinue use of any of the Marks, or use one or more additional or substitute Mark, you must comply with our directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice by us. We will not be obligated to compensate you for any costs it incurs in connection with any such modification or discontinuance.

You cannot seek to register, re-register, assert claim to ownership of, license or allow others to use or otherwise appropriate to itself any of the Marks or any mark or name confusingly similar to them, except insofar as such action inures to our benefit and has our prior written approval. Upon the termination or cancellation of the Franchise Agreement, you must discontinue use of the Marks, remove copies, replicas, reproductions or simulations thereof from the premises and take all necessary steps to assign, transfer, or surrender to us all Marks which you may have used in connection with the Franchise Agreement.

You must immediately notify us of any apparent infringement of or challenge to your use of the mark. Although not obligated to do so, we will take any action deemed appropriate and will control any litigation or proceeding. You must cooperate with any litigation relating to the Marks which we might undertake.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the Manual. The Manual is described in Item 11. Item 11 also describes the limitations on the use of the Manual by you and your employees.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we and/or our affiliate claim copyrights on certain forms, advertisements, promotional materials, software source code and other Confidential Information as defined below.

There currently are no effective determinations of the Copyright Office (or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. Other than the agreement with our affiliate, no agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

In general, our proprietary information includes "Confidential Information" as defined in Section 1.1 of the Master Franchise Agreement, some of which is contained in our Manual, and includes, among other things, all information (current and future) relating to the operation of the Master Franchisee Business or the System, including, among other things, all: (i) manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of the Gelatissimo Stores; (ii) designs, specifications and information about products and services and (iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information needed for the operation of a Master Franchisee Business and a Gelatissimo Store, and you may learn additional information during the term of your franchise. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your Master Franchisee Business under a Master Franchise Agreement; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and (iii) follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information. (Franchise Agreement, Section 12)

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to the Master Franchisee Business that you or your employees conceive or develop. The Master Franchise Agreement requires you and your Subfranchisees to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, etc. without compensation or other obligation.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must devote reasonable time, energy, and efforts, to the management and overall operation of your Master Franchisee Business. You must actively and diligently promote the Master Franchise Business and the Franchise Operation and devote sufficient time and attention towards the establishment and supervision of the Gelatissimo Stores in the Territory ("Franchise Operation") during normal business hours so that the Franchise Operation is always adequately and professionally managed. You may designate a manager, who has successfully completed our initial training program for the Store Franchises and meets our then-current standards, to assist in the direct, day-to-day supervision of the operations of the Gelatissimo Stores, or to be the on-premises supervisor if you choose not to personally supervise your Direct Store Franchises. If you are a business entity, your designated manager need not hold an ownership interest in the business to be the on-premises supervisor. You must have at least one manager at your Direct Store at all times during regular business hours.

You are solely responsible for the hiring and management of your employees at the Master Franchisee Business and Direct Store Franchises, for the terms of their employment, and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any manager involved in the operation of the Direct Store Franchises and their contact information.

You and your employees must comply with the confidentiality provisions described in Item 14. You must execute a personal guaranty concurrently with the signing of the Master Franchise Agreement. If you are a legal entity, having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 10% or greater interest in the franchised business must execute a personal guaranty. We may require your spouse or domestic partner to co-sign the personal guaranty.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell, only and all those products and services, and deal only with those suppliers, that we authorize or require, and have authorized (See Item 8.) Principally, this means you must purchase the amount and type of ingredients, products, and equipment, and offer only those types of products and services that we authorize. Failure to comply with our purchasing or selling restrictions can (and probably will) result in the termination of your Master Franchise Agreement.

You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We reserve the right to add or change the types of authorized products and services at any time at our discretion. There are no limits on our rights to do so.

Your Master Franchisee Business is to be used solely for the operation of the business licensed under your Master Franchise Agreement, and you cannot use or permit the use of your Gelatissimo Store(s) for any other purpose or activity at any time without our prior written approval.

When you grant Subfranchises within your Territory to third parties to own and operate Gelatissimo Stores, these third parties must be creditworthy and meet our qualifications.

You must refrain from any merchandising, advertising, or promotional practice that is unethical or may be injurious to our business and/or other franchised businesses or to the goodwill associated with the Marks.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Master Franchise Agreement: Section 1.1 and 3 Schedule 2, Item 6	The term is 10 years from the date the Franchise Agreement is signed.
b. Renewal or extension of term	Master Franchise Agreement: Section 1.1 and 3.2 Schedule 2, Item 6	You have the option to extend the term for a single additional 10-year term.
c. Requirements for renewal or extension	Master Franchise Agreement: Sections 3.2, 3.3, and 3.4	You have complied with all of the Master Franchise Agreement and Store Franchise Agreement provisions; you are not in default of the Master Franchise Agreement or any Store Franchise Agreements; you have brought the Subfranchisee Stores into compliance with our current standards; you have given us notice of renewal; you have signed a then-current form of Master Franchise Agreement; you provide evidence satisfactory to us that you and your Subfranchisees have or will obtain lease renewals for the premises of each Subfranchisee Store; and you have signed a general release in substantially the form of **Exhibit F** to this Disclosure Document. You must give us notice of your intent to renew no less than 90 days nor more than 12 months before the Master Franchise Agreement expires. The new Franchise Agreement may contain terms and conditions that are materially different from your original Master Franchise Agreement. You must pay us a renewal fee in an amount equal to 50% of the Initial Franchise Fee paid pursuant to your initial Master

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		Franchise Agreement.
d. Termination by franchisee	Master Franchise Agreement: Section 17.5	You may terminate the Franchise Agreement for cause if you are in compliance and we materially breach the Franchise Agreement and fail to cure within 30 calendar days of receiving your written notice.
e. Termination by franchisor without cause	Master Franchise Agreement: Not Applicable	The Franchise Agreement does not provide for termination without cause.
f. Termination by franchisor with cause	Master Franchise Agreement: Section 17.2, 17.3 and 17.4	We may terminate the Master Franchise Agreement upon delivery of notice to you if you default under the terms of the Master Franchise Agreement. A default by you under the terms and conditions of the Master Franchise Agreement or any other such agreement will, at our option, constitute a default under all such agreements.
g. "**Cause**" defined – curable defaults	Master Franchise Agreement: Section 17.3	The following constitute curable defaults: you fail to comply with the non-compete covenants; you divulge confidential information in the Manual or other trade secret; if you do not use or sell any of the services and products in compliance with the terms of the Master Franchise Agreement; if you default on any related agreement; if you fail to maintain any standard or perform any obligations in the Master Franchise Agreement; if you misuse the Marks; if you fail to submit financial or other information relating to the Business; or fail to comply with any provision of the Master Franchise Agreement not otherwise mentioned in (h.) below or any mandatory specification and do not cure within days or 30 calendar days.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
h. "**Cause**" defined – non-curable defaults	Master Franchise Agreement: Section 17.2 and 17.4	The following events constitute non-curable defaults: failure to open your first Store with 6 months of the Commencement Date; failure to meet the Minimum Franchised Outlet Requirement; failure to complete training; make a material misrepresentation or omission in the application for the franchise; conviction or plea of no contest to a felony, or other crime or offense that can adversely affect the reputation of you, us or the Master Franchisee Business; unauthorized transfer; purchasing gelato, granita, ice-cream or other competing products from a third party without our prior written permission; or you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors.
i. Franchisee's obligation on termination/non-renewal	Master Franchise Agreement: Section 18	Your obligations include: stop operations of the Master Franchisee Business; stop using the Marks and items bearing the Marks; stop using "Gelatissimo" in any form as part of your corporate name; assign any assumed names and domain names to us; delete hyperlinks to our website; transfer all Store Franchise Agreements to us;; stop advertising as a Gelatissimo franchise; pay all sums owed; pay all damages and costs we incur in enforcing the termination provisions of the Master Franchise Agreement; return the Manual and other confidential information to us; return all signs to us; assign your electronic mail and internet addresses to us; and comply with the covenants not to compete.
j. Assignment of contract by franchisor	Master Franchise Agreement: Section 16.1	We may sell or assign some or all of our business to any subsidiary or affiliate of ours, any purchaser of us, or any purchaser of the Marks and related business.
k. "Transfer" by franchisee definition	Master Franchise Agreement: Section 16.2(b)	You may sell or assign your business, but only with our approval. We have sole discretion over whether to approve or disapprove an assignment.
l. Franchisor approval of transfer by franchisee	Master Franchise Agreement: Sections 16.2(b)	We have the right to approve all your transfers. We may place reasonable conditions on our approval of any transfer.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Master Franchise Agreement: Section 16.2(c)	You must be in compliance with all agreements, the Manual, all contracts with any party, and transferee must assume all obligations under these agreements; transferee meet our then-current requirements and complete or agree to complete our training program for new franchisees; transferee must pay the transfer fee; all sums due must be paid; all obligations to third parties must be satisfied; and you must execute our standard form of general release.
n. Franchisor's right to acquire franchisee's business	None	N/A
o. Franchisor's option to purchase franchisee's business	Master Franchise Agreement: Section 16.3	We have a right of first refusal on any proposed transfer to a third party, upon the same terms and conditions offered by the proposed transferee.
p. Death or disability of franchisee	Master Franchise Agreement: Section 16.5	As soon as reasonably practicable, but no later than six (6) months.
q. Non-competition covenants during the term of the franchise	Master Franchise Agreement: Section 19.3 and 19.5	You must not divert or attempt to divert any business or customer to a competitor, or perform any act which may harm the goodwill associated with the Marks and the System, or own or otherwise have more than 5% interest in any in any "competitive business." The term "Competitive Business" means any business (other than a Gelatissimo Store) principally offering products substantially similar to the products and services than being offered by the majority of the Gelatissimo Stores.
r. Non-competition covenants after the franchise is terminated or expires	Master Franchise Agreement: Section 19.8	For 2 years after the expiration, termination, non-renewal or assignment, you must have no involvement in a Competitive Business anywhere within the Territory of your Master Franchisee Business.
s. Modification of the Franchise Agreement	Master Franchise Agreement: Section 25.1	The Franchise Agreement can be modified only by written agreement between us and you. We can modify or change the Franchise Program through changes in the Manual.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
t. Integration/merger clause	Master Franchise Agreement: Section 25	Only the terms of the Master Franchise Agreement are binding (subject to state law) and may only be modified to the extent required by an appropriate court to make the Franchise Agreement enforceable. Nothing in this or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Master Franchise Agreement: Section 27	Except for claims relating to the confidential information or the Marks, any claim arising out of or relating to the Franchise Agreement or the relationship of the parties, and any controversy regarding the establishment of the fair market value of assets of the Master Franchisee Business is first subject to a face-to-face meeting, then non-binding mediation, and if unresolved, binding arbitration before a single arbitrator in Kent County, Delaware. These provisions are subject to state law.
v. Choice of forum	Master Franchise Agreement: Section 28.2	Any action that is not subject to arbitration must be brought in state or federal court in Kent County, Delaware (subject to applicable state law.)
w. Choice of law	Master Franchise Agreement: Section 28.1	Delaware law applies (subject to applicable state law.)

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in **Exhibit G,** State Specific Addenda, to this Disclosure Document.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure or personality to promote the franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of the outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Nancy Yu at Gelatissimo USA LLC, Unit 6, Parklands Estate 9-11 South Street, Rydalmere NSW 2116 and +61 (2) 8845 0100, the Federal Trade Commission and any appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2019 TO 2021

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
FRANCHISED	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
COMPANY-OWNED	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
TOTAL OUTLETS	2019	0	0	0
	2020	0	0	0
	2021	0	0	0

TABLE 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2019 TO 2021

STATE	YEAR	NUMBER OF TRANSFERS
TEXAS	2019	0
	2020	0
	2021	0
TOTAL OUTLETS	2019	0
	2020	0
	2021	0

TABLE 3
STATUS OF SINGLE UNIT FRANCHISE OUTLETS
FOR YEARS 2019 TO 2021

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
TEXAS	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
TOTAL	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2019 TO 2021

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
NONE	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
TOTAL	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

TABLE 5
PROJECTED OPENINGS AS OF JUNE 30, 2021

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
HAWAII	0	0	2
TEXAS	1	3	0
TOTAL	1	3	2

A list of the names, addresses and telephone numbers of our current franchisees as of the Issuance Date of this Disclosure Document is attached as **Exhibit H**.

A list of the names, addresses and telephone numbers of our franchisees who have had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this franchise disclosure document, is attached as **Exhibit I.**

Confidentiality Clauses

In the last three fiscal years, none of our franchisees have entered any confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system.

Trademark-Specific Franchisee Organizations

There are no trademark-specific franchisee organizations.

If you buy the franchise offered in this disclosure document, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21 FINANCIAL STATEMENTS

We have not been in business for three years or more and cannot include all the financial statements required by the Rule for our last three fiscal years. Attached to this disclosure document, as **Exhibit C,** are our audited financial statements for the periods ended June 30, 2021, June 30, 2020, and November 30, 2019. Our fiscal year ends on June 30.

ITEM 22 CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit A	Master Franchise Agreement and Exhibits
Exhibit D	Statement of Prospective Franchisee
Exhibit F	Form of General Release
Exhibit G	State Specific Addenda
Exhibit J	Store Franchise Agreement Template
Exhibit K	Store Area Development Agreement Template
Exhibit L	Form of Letter of Intent

ITEM 23 RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located on the last two pages of this Disclosure Document, as Exhibit N.

Exhibit A
To Franchise Disclosure Document

FRANCHISE AGREEMENT AND RELATED EXHIBITS

GELATISSIMO

MASTER FRANCHISE AGREEMENT AND RELATED EXHIBITS

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GELATISSIMO
MASTER FRANCHISE AGREEMENT

This Master Franchise Agreement is entered into as of the ____ day of _____________________ 20___ between Gelatissimo USA LLC, a Delaware limited liability company, (**"Franchisor"**) with its principal office at Unit 6, Parklands Estate, 9–11 South Street, Rydalmere NSW 2116, Australia, and ____, whose principal address is ____ (**"Master Franchisee")**, upon the following terms, conditions, covenants and agreements:

RECITALS

A. Franchisor is the owner of the entire right, title, and interest in the Proprietary Marks, as set out in Schedule 3 to this Agreement.

B. As a result of the expenditure of time, skill, effort and money, Franchisor's affiliate Gelatissimo Pty Limited, a New South Wales proprietary limited company, with its principal offices in Rydalmere, New South Wales, Australia, (**"Licensor"**) has developed and owns a unique system relating to the establishment and operation of outlets specializing in the manufacture, preparation, display, and sale of gelato, granita and other menu items under the trade name "**Gelatissimo**" (the "**Gelatissimo System**") and has successfully established a reputation, demand, and goodwill for the Gelatissimo System.

C. Pursuant to a license agreement, Franchisor has licensed from Licensor the non-exclusive rights to franchise the Gelatissimo System in connection with its franchise program in the United States.

D. The distinguishing characteristics of the Gelatissimo System, and of the products and services provided pursuant thereto, include, without limitation, the following:

(i) the Proprietary Marks for use with the Gelatissimo System for the operation of the outlets established by Franchisor;

(ii) the substantially standardized, recognizable, distinguishing, and unique characteristics relating to the design, construction, appearance, color schemes, and patterns of the interior of the outlets established by Franchisor as are now or may hereafter be designated for use by Franchisor with the Gelatissimo System;

(iii) the substantially standardized styles, colors and other unique and uniform identification schemes for fixtures, furnishings, equipment and signage as are now or may hereafter be designated for use by Franchisor with the Gelatissimo System and the supplies bearing the Proprietary Marks;

(iv) Franchisor's Confidential Operations Manual (as more fully described in Section 1), advertising, merchandising, and marketing programs and publicity. The Confidential Operations Manual is subject to copyright protection;

(v) a substantially standardized, uniform service, identified by the Proprietary Marks and other distinguishing features of the Gelatissimo System, for providing services in the outlets established by Franchisor, including standards and specifications for equipment, equipment layout, supplies and menus (including food and beverage designations, special Recipes, and quality and quantity standards); operating procedures for sanitation, maintenance, food and beverage manufacture, storage, preparation, display and customer service; and methods and techniques for inventory and cost controls, record keeping, and reporting and recording sales and purchases all of which may be changed, improved, and further developed by Franchisor from time to time; and

(vi) Franchisor's Recipe for its products, including but not limited to gelato, granita, drinks, hot snacks, and Franchisor's method of manufacturing, mounding, displaying and garnishing gelato.

E Master Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, cleanliness, appearance and service, and the necessity of opening and operating the outlets established by Franchisor in conformity with Franchisor's standards and specifications. Master Franchisee wishes to establish and operate Franchised Outlets in the Territory using the Gelatissimo System, and Franchisor agrees to grant to Master Franchisee the right to utilize the Gelatissimo System in establishing and operating Franchised Outlets in the Territory on the terms and conditions of this Agreement.

F Master Franchisee undertakes to develop a minimum number of Franchised Outlets in the Territory. These may be developed by Master Franchisee as Direct Store Franchises or by the appointment of third parties who satisfy the requirements of this Agreement to become Store Subfranchisees.

G Master Franchisee shall diligently search for and screen potential Store Subfranchisees within the Territory at its own cost. Master Franchisee shall at all times adequately and professionally manage the Franchise Operation and shall exert its reasonable efforts to promote the establishment of successful Store Subfranchisees throughout the Territory. In particular, Master Franchisee shall, in accordance with the obligations specified in further detail below:

(i) generate marketing material for media distribution within the Territory;

(ii) answer all serious third-party responses to such marketing and enquiries concerning Store Subfranchisees to be located within the Territory;

(iii) conduct such investigations of all potential Store Subfranchisees as may be reasonably necessary to determine those applicants for store franchises who are capable of acquiring and operating a store franchise; and

(iv) obtain from such qualified third-party Store Subfranchisee applicants for store franchises such application forms, personal information, financial statements and other documentation and data as may be reasonably required to carry out any credit checks and suitability that Master Franchisee considers reasonably necessary.

AGREED TERMS

1. Definitions and interpretation

1.1 Definitions

In this Agreement, unless the context requires otherwise:

"**Additional Products**" means products other than the Products that Franchisor may approve in writing (such approval not to be unreasonably withheld or delayed) for sale from time to time from the Franchised Outlets subject to:

(a) the products not being competing products to the Finished Products;

(b) the products being, in Franchisor's reasonable opinion, complementary to the Gelatissimo brand;

(c) Master Franchisee satisfying Franchisor that it can supply the products of a standard satisfactory to Franchisor; and

(d) the method of display and service being acceptable to Franchisor. At the start of the Term those products set out in Part D of Attachment 2 are approved as Additional Products.

"**Agreement**" means this Master Franchise Agreement for the Territory between Franchisor and Master Franchisee, inclusive of the Schedules and Attachments herein referred to and as may be amended by the Parties during the Term in accordance with the terms herein stipulated.

"**Ancillary Items**" means the items set out in Part B of Attachment 2 as amended in accordance with Schedule 1 and any other items used to package or serve the Finished Products to customers as may be reasonably directed by Franchisor or reasonably requested by Master Franchisee from time to time.

"**Annual Business Plan**" means a business plan in the form specified in the Confidential Operations Manual or as otherwise reasonably specified by Franchisor, for the proposed operation of the Business from June 30 of each year of the Term for the next Fiscal Year.

"**Applicable Law**" means the laws in force in the Territory.

"**Attachment**" means an attachment referred to in and forming an integral part of this Agreement.

"**Business**" means the business to be conducted by Master Franchisee under the terms of this Agreement, including the business of providing the Products and Master Franchisee Services to any Store Subfranchisees under the Proprietary Marks and Intellectual Property; and Master Franchisee's business of establishing and operating, either as a Direct Store Franchise or by permitting Store Subfranchisees to establish and operate, Franchised Outlets in the Territory.

"**Business Day**" means any calendar day other than Saturday, Sunday or a public holiday.

"**Claim**" means any claim, dispute, notice, demand, litigation, investigation, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where Master Franchisee is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Master Franchisee and Franchisor on whatever theory and/or facts based, and whether or not arising out of this Agreement, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

"**Commencement Date**" means the effective date of this Agreement being the date specified in Item 5 of Schedule 2.

"**Confidential Information**" means all non-public, confidential, or proprietary information pertaining to either party or its business including, without limitation any and all information, knowledge, know-how, drawings, designs, slogans, texts, logos, ideas, practices, processes, systems, products, inventions, improvements, developments, materials, equipment, and other data (and in the case of

Franchisor, also including the Confidential Operations Manual and Recipes) which the party disclosing the information designates as confidential, or which have not been generally available to the public, or reduced to writing use or practice in public.

"**Confidential Operations Manual**" means a manual of that name provided by Franchisor on loan to Master Franchisee in accordance with Section 5.1(f) for the duration of the Term containing various provisions relating to the operation of Franchised Outlets and includes a detailed recipe manual, staff handbook and detailed outline of expected standards in product presentation, customer service and shop fit out, as reasonably amended by Franchisor from time to time in writing.

"**Direct Store Franchise**" means a Franchised Outlet operated by Master Franchisee either directly by itself or by a Related Entity. Master Franchisee will execute a separate Store Franchise Agreement with itself or a Related Entity, whichever is applicable, for each Direct Store Franchise it opens and operates during the term of this Agreement.

"**Equipment**" means such equipment as reasonably specified by Franchisor from time to time which is required for the operation of a Franchised Outlet.

"**Equipment Supplier**" means the recommended supplier(s) of the Equipment in the Territory nominated by Franchisor and set out in Attachment 3 or as approved in writing by Franchisor from time to time.

"**Fiscal Year**" is each twelve-month period ending on the last day of June and for the first Fiscal Year of the Term, the period from the Commencement Date until the first June 30th in the Term, and for the last Fiscal Year of the Term, the period commencing on the last July 1st in the Term and ending on the last day of the Term.

"**Finished Products**" means the products that Franchisor authorizes for sale at the Franchised Outlets which at the start of the Term are those products set out in Part A of Attachment 2 and such other products for sale at the Franchised Outlets as are agreed in writing by the parties during the Term.

"**Franchise Operation**" means the establishment and supervision of Franchised Outlets in the Territory as contemplated by this Agreement.

"**Franchised Outlet**" means each shop or kiosk to be established and operated in the Territory in accordance with the Gelatissimo System, either directly as a Direct Store Franchise or by any Store Subfranchisees, which in the case where one premises has more than one function or purpose, shall mean only that part of the premises solely dedicated as a shop or kiosk established and operated using the Gelatissimo System.

"**Franchisor Services**" means the services to be performed by Franchisor as set out in Section 5.1 of this Agreement.

"**Franchisor's Website**" means www.gelatissimo.comor such other website registered by Franchisor as nominated by Franchisor from time to time in writing.

"**Gelatissimo System**" means Franchisor's particular method for the production of gelato in accordance with the Recipe, the methods of providing Franchisor's Products and Franchisor Services by using the image, methods, techniques, Intellectual Property, Confidential Information of Franchisor, Franchisor's Website and the know-how of Franchisor.

"**Goods**" means any Products, item or other things supplied by Franchisor to Master Franchisee under Section 2.11 or Section 5.4 or any other term of this Agreement, and the Confidential Operations Manual but does not include the Equipment.

"**Government Agency**" means:

(a) a government or government department;

(b) a governmental, semi-governmental, regulatory or judicial entity or authority; or

(c) a person who acts with the authority of any entity in (a) or (b) above,

with jurisdiction over the Parties in relation to their rights and obligations under this Agreement.

"**Gross Sales**" means the aggregate amount of all sales of all Products provided by Master Franchisee and each Store Subfranchisee (if different) from the Franchised Outlets, and income of every kind and nature, (including off or on-premises catering sales and Wholesale Sales) arising from the license granted under this Agreement, less sales taxes or similar taxes or refunds.

"**Initial Business Plan**" means a business plan in a form acceptable to the Parties for the proposed operation of the Business from the Commencement Date to 30 June in the first year of the Term.

"**Initial Franchise Fee**" means the fee set out in Item 7 of Schedule 2.

"**Insolvency Event**" means the occurrence of any of the following events in relation to either Party:

(a) the Party becomes insolvent as defined in the Applicable Law, or states that it is insolvent or is presumed to be insolvent under an Applicable Law, as when the person commences voluntary insolvency or rehabilitation proceedings or is made a party to involuntary insolvency or rehabilitation proceedings and/or applies for suspension of payment of debts;

(b) the Party is wound up or dissolved;

(c) the Party becomes an insolvent under administration as defined under the Applicable Law;

(d) a liquidator, provisional liquidator, controller, administrator, trustee for creditors, trustee in bankruptcy, receiver or other similar person is appointed to, or takes possession or control of, any or all of the Party's assets or undertaking;

(e) the Party enters into or becomes subject to:

  (i) any assignment for the benefit of one or more of its creditors; or

  (ii) any re-organization, moratorium, deed of company arrangement or other administration involving one or more of its creditors;

(f) an application, petition or order is made and, in the case of an application or petition, it is not stayed, withdrawn or dismissed within thirty (30) days from submission, resolution passed, proposal put forward, or any other action taken which is preparatory to or could result in any of (a), (b), (c), (d) or (e) above;

(g) the Party suspends payment of its debts, ceases or threatens to cease to carry on all or a material part of its business or becomes unable to pay its debts when they fall due; or

(h) anything occurs under the law of any relevant jurisdiction which has a substantially similar effect to any of the other paragraphs of this definition,

unless the event occurs as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved in writing by the other Party.

"**Intellectual Property**" means all copyright, design rights and trademark rights (in both cases whether registered or unregistered), patent rights and any other intellectual or industrial property rights as are now or may hereafter be developed by Franchisor subsisting in:

(a) the Gelatissimo name, the Logo and any other Proprietary Marks;

(b) the Gelatissimo color scheme and corporate identity and any other color scheme and corporate identity Franchisor may reasonably direct Master Franchisee to use from time to time;

(c) the Gelatissimo System documents, forms and materials including, in particular, the contents of the Confidential Operations Manual (including, for the avoidance of doubt, any version of the Confidential Operations Manual which is translated by Franchisor, Master Franchisee or any other person into any other language);

(d) the Confidential Information of Franchisor;

(e) the Product Recipes, formulas, specification, manufacturing processes, design and presentation;

(f) know-how relating to the operation of the Gelatissimo System;

(g) advertising and promotional material, (whether or not registered or protected by copyright) devised or acquired by Franchisor and applied in the sale of the Products and Franchisor Services and the operation of the Gelatissimo System;

(h) internet domain names that consist of or include any names or trademarks that are now registered by or may hereafter be registered by Franchisor or Master Franchisee and relate to the Business ("**Related Domain Names**"); and

(i) the trade dress including the get-up, layout and presentation of Products or any packaging as well as the design, layout and décor of the Franchised Outlets.

"**IP Improvements**" any works, marks, symbol, ideas, logos, trade secrets, and other creations which are developed by Master Franchisee from its use of the Intellectual Property or otherwise during the operation of the Business, in respect of which Master Franchisee obtains or may obtain any intellectual property rights.

"**Key Persons**" means officers, directors, company/corporate secretaries, and such employees of the Business in executive or management positions as Franchisor reasonably specifies.

"**Logo**" means the logos in Schedule 3 and such other logos as Franchisor may direct Master Franchisee to use from time to time.

"**Master Franchisee Services**" means the services to be performed by Master Franchisee as set out in Section 7 of this Agreement.

"**Master Franchisee's Website**" means the website to be operated at the following domain name __________________________________.

"**Minimum Franchised Outlets Requirement**" means the number of Franchised Outlets Master Franchisee is required to appoint or operate by certain dates as set out at Item 8(a) of Schedule 2.

"**Minimum Purchase Requirement**" means the minimum requirement to purchase Products as set out at Item 8(b) of Schedule 2.

"**Party**" or "**party**" means each of Franchisor and Master Franchisee, collectively referred to as the "**Parties**" or "**parties**".

"**Product/s**" means:

(a) Raw Products;

(b) Finished Products; and

(c) the Ancillary Items.

"**Proprietary Marks**" or "**Marks**" means the names, Logo(s), trademarks, business names, service marks, insignia, color schemes, domain names and internet addresses either specified in Schedule 3 or used or developed by Franchisor from time to time in association with its business and which Franchisor may direct Master Franchisee to use from time to time in accordance with Sections 2.8 and 2.9.

"**Quarter**" means the following periods of each Fiscal Year:

(a) July 1 to September 30; and

(b) October 1 to December 31;

(c) January 1 to March 31;

(d) April 1 to June 30;

however, the first Quarter for the purposes of this Agreement shall be from the Commencement Date to the end of the Quarter in which the Commencement Date falls.

"**Raw Products**" mean the ingredients required to manufacture or prepare the Finished Products being those set out in Part C of Attachment 2 or as otherwise specified by Franchisor from time to time for the manufacture or preparation of the Finished Products.

"**Recipe**" means methods and ingredients for the production of any Finished Product in accordance with the Confidential Operations Manual or otherwise specified by Franchisor.

"**Related Agreement**" means any other agreement between Master Franchisee and Franchisor (or a Related Entity) associated with this Agreement which is in writing and signed by authorised representatives of the appropriate parties.

"**Related Entity**" means any entity associated with, affiliated with or in respect of which Master Franchisee has any ownership interest or control or an ability to control or influence the appointment or any decisions of the officers, directors, company/corporate secretaries, employees in executive or management positions or governing body of the entity.

"**Renewal Term**" means the term of this Agreement specified in Item 6 of Schedule 2.

"**Schedule**" means a schedule referred to in and forming an integral part of this Agreement.

"Store Area Development Agreement" means any agreement entered into by Master Franchisee with a Store Subfranchisee pursuant to which the Store Subfranchisee is authorized to establish and operate a number of Franchised Outlets within a particular area in the Territory.

"**Store Franchise Agreement**" means any agreement entered into by Master Franchisee with a Store Subfranchisee in the form of the Template Store Franchise Agreement, including any amendments agreed to by Franchisor in order to comply with local law or requirements.

"**Store Subfranchisee**" means any person, partnership or company, including Master Franchisee and a Related Entity, with whom Master Franchisee enters into a Store Franchise Agreement or an Area Development Agreement.

"**Template Store Area Development Agreement**" means a template of Franchisor's then-current form of Store Area Development Agreement, which may be modified by Franchisor from time to time. Master Franchisee is required to use the Template Store Area Development Agreement in accordance with Section 2.11, herein.

"**Template Store Franchise Agreement**" means a template of Franchisor's then-current form of Store Franchise Agreement, which may be modified by Franchisor from time to time. Master Franchisee is required to use the Template Store Franchise Agreement in accordance with Section 2.11, herein.

"**Term**" means the term of this Agreement specified in Item 6 of Schedule 2.

"**Territory**" means the territory of this Agreement specified in Item 3 of Schedule 2.

"**Training Store**" means a Franchised Outlet established and operated by Master Franchisee which also has as its purpose the training of future Store Subfranchisees in the operation of the Gelatissimo System prior to the opening of their Franchised Outlets.

"**Wholesale Sales**" means all sales of Product sold by Master Franchisee to customers directly or indirectly and not through a Franchised Outlet in the Territory.

1.2 **Words and expressions**

In this Agreement, unless the context requires otherwise:

(a) the singular includes the plural and vice versa;

(b) words denoting any gender include all genders;

(c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a Party, Section, Subsection, Paragraph, Schedule, or Attachment is a reference to a party, section, subsection, paragraph, schedule, or attachment to or of this Agreement;

(e) a reference to this Agreement includes any Schedules or Attachments referred to in and forming an integral part of this Agreement;

(f) headings are for convenience and do not affect interpretation;

(g) the background or recitals to this Agreement are adopted as and form part of this Agreement;

(h) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time in accordance with the terms of this Agreement;

(i) a reference to a time is a reference to the time in the capital of the Territory, unless expressly stated otherwise;

(j) a reference to a Party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;

(k) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;

(l) words and expressions denoting natural persons include incorporated and unincorporated bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;

(m) a reference to any legislation or law or to any provision of any legislation or law includes:

(i) any modification or re-enactment of the legislation or law;

(ii) any legislative provision or law substituted for, and all legislation or law, statutory instruments and regulations issued under, the legislation or law; and

(iii) where relevant, corresponding legislation or law within the Territory;

(n) no rule of construction applies to the disadvantage of a Party because that Party was responsible for the preparation of this Agreement or any part of it; and

(o) the words "including", "for example", "such as" or other similar expressions (in any form) are not words of limitation.

1.3 **Other rules of interpretation**

In this Agreement, unless expressly provided otherwise:

(a) (**method of payment**) any payment of money by one Party to another will be made by cashier's check, wire transfer, or electronic check ("**eCheck**");

(b) (**consents, acceptance, and approvals**) if the doing of any act, matter or thing requires the consent, acceptance, approval or agreement of either Party, that consent, acceptance, approval or agreement may be given conditionally or unconditionally or withheld in that Party's reasonable discretion unless otherwise specified in this Agreement;

(c) (**joint and several liability**) a promise, representation or warranty given by or in favor of two or more persons under this Agreement is given by them or for their benefit jointly and severally;

(d) (**Business Days**) if:

(i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing will be done on the next Business Day; and

(ii) any money falls due for payment on a date other than a Business Day, that money will be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period); and

(e) (**inconsistency within document**) if a Section or Subsubsection of this Agreement is inconsistent with a Schedule or Attachment of this Agreement (including the Confidential Operations Manual), the Section or Subsection prevails to the extent of the inconsistency.

2. Grant of Franchise

2.1 Franchisor hereby grants to Master Franchisee, and Master Franchisee accepts, the right and license during the Term to:

(a) carry on the Business and to establish and operate its own Franchised Outlets as Direct Store Franchises under the terms of this Agreement; and

(b) to allow a Store Subfranchisee to establish and operate Franchised Outlets under Store Franchise Agreements, at locations to be selected by Master Franchisee (after giving consideration to any input from Franchisor and Store Subfranchisee, if relevant) in the Territory, provided that Franchisor accepts in advance (such acceptance not to be unreasonably withheld or delayed):

(i) the location of Master Franchisee's first Franchised Outlet to be established within the Territory as a Direct Store Franchise;

(ii) the location of the first Franchised Outlet to be established by a Store Subfranchisee within the Territory; and

(iii) the fundamental layout and design of all Franchised Outlets within the Territory (on the basis that all architectural drawings must be approved by Franchisor). All reasonable costs, including disbursements, of producing architectural drawings, are to be borne by Master Franchisee. Master Franchisee must provide information (as defined in the Confidential Operations Manual) to Franchisor on a timely basis to enable Franchisor to have sufficient time (which shall be no greater than thirty (30) days from the receipt of all required information as defined in the Confidential Operations Manual) to approve architectural drawings to enable store construction and opening deadlines to be met. Franchisor will not be liable for any penalty costs or expenses incurred by Master Franchisee if store construction or store opening deadlines are not met for cause other than a delay attributable to Franchisor.

2.2 The Franchised Outlets shall be established using:

(a) the Gelatissimo System; and

(b) the Proprietary Marks,

as directed by Franchisor and on the terms and conditions of this Agreement and any other Related Agreements between Master Franchisee and Franchisor.

2.3 Concurrently, with the signing of this Agreement, Master Franchisee must execute a personal guaranty in the form attached hereto as Schedule 4 ("**Personal Guaranty**"). In the event Master Franchisee is a legal entity having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 10% or greater interest in Master Franchisee (the "**Owners**") must execute the Personal Guaranty. Any person or entity that at any time after the date of this Agreement becomes an Owner, pursuant to Section 16 or otherwise, shall, as a condition of becoming an Owner, execute Franchisor's then-current form of Personal Guaranty.

2.4 Master Franchisee acknowledges and agrees that Franchisor's acceptance or advice of any Franchised Outlet location is not a guarantee or warranty by Franchisor in respect of the profitability of any Franchised Outlet or net income that Master Franchisee will be able to achieve from any Franchised Outlet.

2.5 Master Franchisee will establish and operate its own Franchised Outlets as Direct Store Franchises. Master Franchisee will execute a separate Franchise Agreement with itself or a Related Entity, whichever is applicable, for each Direct Store Franchise it owns and operates.

2.6 Franchised Outlets operated by Store Subfranchisees must be established pursuant to a Store Franchise Agreement entered into with Master Franchisee in compliance with this Agreement.

2.7 Master Franchisee must operate one Franchised Outlet, which must be a Direct Store Franchise, as the Training Store. This may be the first Franchised Outlet of Master Franchisee or another Franchised Outlet, as approved in writing by Franchisor (such consent not to be unreasonably withheld or delayed). Master Franchisee agrees to open its first Direct Store Franchise within six (6) months of the Commencement Date. Master Franchisee must operate its first Direct Store Franchise for a minimum of six (6) months before Master Franchisee may begin offering or selling Store Subfranchises.

2.8 Subject to Master Franchisee complying with the Minimum Franchised Outlets Requirement, the Minimum Purchase Requirement and payment of the applicable Initial Franchise Fee, Franchisor will not during the Term:

(a) grant the right or license for any other person to establish, any outlet using the Gelatissimo System anywhere within the Territory; or

(b) sell, nor grant the right or license for any other person to sell, any Finished Product anywhere within the Territory.

2.9 Master Franchisee expressly acknowledges and agrees that this Agreement confers no proprietary right, title or interest in the Proprietary Marks or the Gelatissimo System, but only the right to use the Gelatissimo System and Proprietary Marks in the Territory during the Term consistent with the terms of this Agreement. In addition, Master Franchisee acknowledges and agrees that Franchisor retains the right to develop, use, and license any proprietary Recipes, formulas, and food products, Proprietary Marks or other marks, to the extent not already licensed pursuant to this Agreement to Master Franchisee.

2.10 Franchisor grants to Master Franchisee authority and discretion as to the selection of Store Subfranchisees, locations of Franchised Outlets (subject to the requirement in Section 2.1 that the location of the first Franchised Outlet of Master Franchisee and of the first Store Subfranchisee must be approved by Franchisor) and whether each outlet will be a Franchised Outlet operated directly by Master Franchisee as a Direct Store Franchise, or by a Store Subfranchisee under a Store Franchise Agreement.

2.11 Franchisor will provide Master Franchisee with templates of Franchisor's current form of Store Franchise Agreement and Store Area Development Agreement, which templates may be modified by Franchisor from time to time. Master Franchisee is required to use the template forms provided by Franchisor as the model for preparation of its Store Franchise Agreement and Area Development Agreement, subject to having the documents reviewed and revised by Master Franchisee's own attorney and obtaining Franchisor's consent to any changes, modifications, or amendments to the template forms of the documents pursuant to this Section 2.11. The Store Franchise Agreement and Store Area Development Agreement developed by Master Franchisee for approval by Franchisor must be similar to the template form of the agreements. Franchisor acknowledges and agrees that the Template Store Franchise Agreement and Template Store Area Development Agreement may need to be amended for local laws and requirements and the specific situation. Master Franchisee must provide a copy of any agreement it proposes to enter into with a Store Subfranchisee showing all changes to the template, and any lease and license proposed to be entered into, and must ensure that prior to entering into any Store Franchise Agreement and Store Area Development Agreement, Franchisor has approved, in writing, the Store Franchise Agreement and Store Area Development Agreement and, if required by Franchisor, the prospective Store Subfranchisee. Such approval will not be unreasonably withheld, and Franchisor agrees that it will act in a timely manner in approving the terms of the Store Franchise Agreement, the Store Area Development Agreement and the prospective Store Subfranchisee, which shall not be more than fifteen (15) Business Days from receipt of the Agreement.

Franchisor and Master Franchisee agree that Franchisor is a third-party beneficiary to any Store Franchise Agreement and Franchisor shall have the right but not the obligation to assume any of Master Franchisee's responsibilities, duties or functions in the event that this Agreement expires or is terminated for any reason. Each Store Franchise Agreement shall include the following paragraph, as modified by Franchisor from time to time, *"[Subfranchisee] acknowledges and agrees that all of [Master Franchisee's] rights and all of [Subfranchisee's] obligations under this Agreement inure to the benefit of Gelatissimo USA LLC and that Gelatissimo USA LLC has a third-party beneficiary interest in this Agreement. Gelatissimo USA LLC has the right but not the obligation to enforce any provision of this Agreement if [Master Franchisee] fails to properly and promptly do so. Upon termination or expiration of the Term of the Master Franchise Agreement between [Master Franchisee] and Gelatissimo USA LLC for any reason, this Agreement will remain in effect and [Master Franchisee's] interest in this Agreement may be automatically assigned to and assumed by Gelatissimo USA LLC at its sole discretion. [Subfranchisee] agrees to be bound by the assignment upon receipt of notice from Gelatissimo USA LLC of the effective date of the assignment."*

For the avoidance of doubt, it is agreed that the right of Master Franchisee to establish and operate its own Franchised Outlets as a Direct Store Franchise granted under this Agreement shall be in accordance with the terms and conditions of the template Store Franchise Agreement, (to the extent the terms and conditions therein are in conformity with the applicable local laws of the Territory), this Agreement and the Confidential Operations Manual. Any changes to the template Store Franchise Agreement for a Direct Store Franchise are subject to Franchisor's prior written approval.

2.12 Franchisor acknowledges that Master Franchisee is establishing its operation in the Territory with its own customs and requirements. Franchisor acknowledges Master Franchisee's right to amend the menu and fit out to suit local requirements as it sees fit to ensure optimal chance of success. Master Franchisee will notify Franchisor in writing of all significant changes thirty (30) days prior to instituting such changes, provided however, that if Franchisor reasonably disagrees with any proposed change, such disagreement to be advised in writing by Franchisor at least fifteen (15) days prior to the proposed implementation by Master Franchisee and after giving bona fide consideration to local custom and culture, Master Franchisee will cease to implement or adopt such change.

2.13 Master Franchisee must use its best endeavors to ensure that all Franchised Outlets are in compliance with this Agreement and respective Store Franchise Agreements and operating in a manner so as to preserve the goodwill of Franchisor and the Intellectual Property.

2.14 If Franchisor has any reasonable concerns about the compliance of any Store Subfranchisee with its Store Franchise Agreement, at the reasonable written request of Franchisor, Master Franchisee must, within twenty (20) Business Days of that request, provide Franchisor with a current copy of each Store Franchise Agreement entered into by that Store Subfranchisee in respect of the business of that Store Subfranchisee. This provision similarly applies to Master Franchisee in respect of information relating to its Direct Store Franchises that Master Franchisee is able to disclose.

2.15 Master Franchisee either gives the right to Franchisor, or must ensure that Franchisor has the right, to:

(a) enter upon reasonable notice not less than seven (7) Business Days and during usual business hours any Franchised Outlet at any time for the purpose of conducting reasonable inspection of the premises and to:

(i) inspect all business and financial records of the Franchised Outlet; and

(ii) review full details, including orders, purchase orders and invoices of all products, including the Products, purchased for use and sale by each Franchised Outlet from Franchisor, Master Franchisee or any other supplier to the Franchised Outlet,

(b) temporarily stay on the premises of any Franchised Outlet, after a seven (7) Business days prior written notice, for a reasonable period of time during usual business hours for the purposes of conducting reasonable inspections of that Franchised Outlet and aforementioned records provided Franchisor does not interfere with the Store Subfranchisee's business.

2.16 If any Franchised Outlet breaches a term of this Agreement or Store Franchise Agreement, Master Franchisee must, as soon as practicable after it becomes aware of the breach:

(a) notify Franchisor in writing of such breach; and

(b) take such actions as Franchisor reasonably considers necessary or desirable to enforce Franchisor's and/or Master Franchisee's legal rights under this Agreement or Store Franchise Agreement.

If Franchisor requests Master Franchisee in writing to exercise its rights in respect to any Store Subfranchisee by taking such action as Franchisor considers reasonably necessary, then within twenty (20) Business Days of receiving such notice Master Franchisee must take any such reasonably necessary recommended action. The Master Franchisee must provide the Franchisor with any reasonable information, assistance or evidence as the Franchisor may reasonably require in connection with such actions.

2.17 Notwithstanding any other provision of this Agreement:

(a) all Direct Store Franchises and Store Franchise Agreements and their administration will be the commercial and contractual responsibility of Master Franchisee and will be subject to the terms and conditions of this Agreement; and

(b) Master Franchisee will not be relieved of any of its obligations under this Agreement as a result of entering into any Direct Store Franchise or Store Franchise Agreement.

3. Term

3.1 Except as otherwise expressly provided in this Agreement, the rights and obligations in this Agreement are for the Term commencing from the Commencement Date.

3.2 Unless terminated at an earlier date, Master Franchisee may, at its option, renew this Agreement for the Renewal Term provided that Master Franchisee:

(a) has given Franchisor written notice of such election to renew not less than ninety (90) days nor more than twelve (12) months prior to the end of the Term;

(b) ensures that it and each Store Subfranchisee will make or agree to make to Franchisor's reasonable satisfaction, such renovation and modernization of the Franchised Outlets as required pursuant to Section 3.3 below;

(c) is not in material default of any provision of this Agreement, each Store Franchise Agreement, the Confidential Operations Manual, any amendments hereof or successor hereto, or any other Related Agreement;

(d) has satisfied all monetary obligations to Franchisor, and has met in a timely manner all such obligations throughout the Term;

(e) provides evidence satisfactory to Franchisor that Master Franchisee (or Store Subfranchisees, as the case may be) has or will obtain the right to remain in legal possession of the premises of each Franchised Outlet and Master Franchisee actively and diligently, using reasonable endeavors, has or will secure lease renewals for each of the Franchised Outlet or a replacement thereof;

(f) complies with Franchisor's then current qualification and training requirements;

(g) enters into Franchisor's then-current form of Master Franchise Agreement (tailored to meet the financial obligations under this Agreement), the terms of which Master Franchisee acknowledges may be different to the terms of this Agreement and which will not contain the right for a further Renewal Term;

(h) pays Franchisor a renewal fee in an amount equal to fifty percent (50%) of the Initial Franchise Fee paid pursuant to this Agreement, even if the renewal amount differs from the fees contained in Franchisor's then current standard Master Franchise Agreement; and

(i) executes a general release in the form and substance satisfactory to Franchisor, releasing any and all claims against Franchisor and its affiliates, officers, directors, employees and agents.

3.3 On or before renewal, the Franchisee must undertake such renovation and modernization of the Franchised Outlets as may be reasonably necessary and advised in writing by Franchisor to conform to the then current image of the outlets and then current standards and specifications of the Gelatissimo System. Master Franchisee must supervise the renovation and modernization of the Franchised Outlets and ensure that all works are undertaken in a timely and cost-effective manner.

3.4 Should this Agreement expire or terminate for any reason in accordance with Section 17 but Franchisor expressly allows Master Franchisee in writing to continue to operate the Business after the date of expiration or termination (in whole or part), then without prejudice to any rights or remedies Franchisor may have:

(a) Master Franchisee may continue to operate the Business under license on a quarterly basis in accordance with the terms of this Agreement; and

(b) the above license may be terminated by either Party on one (1) month's prior written notice; and

(c) the terms of such license relating to the operation of the Business and provisions upon termination shall be the same where appropriate and applicable as provided for herein.

4. Fees and Payment

4.1 Initial Franchise Fee. In consideration of the license granted herein, Master Franchisee shall pay to Franchisor an initial franchise fee (the "**Initial Franchise Fee**") in the amount set forth in Item 7 of Schedule 2. The Initial Franchise Fee is deemed fully earned by Franchisor when paid and is non-refundable, as consideration for Franchisor's lost or deferred opportunity to license others. If Master Franchisee has paid Franchisor a Deposit Fee (currently, 10% of the Initial Franchise Fee) pursuant to a Letter of Intent and Master Franchisee signs this Agreement within 60 days of signing the Letter of Intent then the Deposit Fee will be applied to the Initial Franchise Fee and the remainder of the Initial Franchise Fee is due and payable when Master Franchisee signs this Agreement.

4.2 Store Royalty Fee. During the Term of this Agreement, Master Franchisee shall pay to Franchisor a fixed royalty fee equal to $100 per week, per Franchised Outlet open in the Territory ("**Store Royalty Fee**"). The Store Royalty Fee is due and payable monthly on the 15th day of the following calendar month and is not refundable.

4.3 Marketing Fund Fee. During the Term of this Agreement, Master Franchisee shall pay to Franchisor a fixed marketing fund fee equal to $XXX per week, per Franchised Outlet open in the Territory ("**Marketing Fund Fee**"). The Marketing Fund Fee is due and payable monthly on the 15th day of the following calendar month and is not refundable.

4.4 Franchisor's Incurred Expenses. Master Franchisee shall reimburse Franchisor for all reasonable travel and accommodation expenses incurred by Franchisor in approving the Franchised Outlets and furnishing assistance and services to Master Franchisee in their establishment and operation (which expenses shall be submitted to Master Franchisee for approval prior to being incurred) other than those expenses which are the responsibility of Franchisor under this Agreement. Franchisor shall submit invoices for such pre-approved expenses within fifteen (15) Business Days from completion of any such official business to be charged to Master Franchisee, and the Parties shall adjust any over-payment or under-payment between them within 21 Business Days from receipt of invoices by Master Franchisee.

4.5 **Method of Payment**

(a) Subject to Section 4.4(c), Master Franchisee must, prior to the Commencement Date, arrange, and maintain during the Term, such electronic or direct debit facility as directed in writing by Franchisor for the payment of any fees due under this Agreement and any other amount due by Master Franchisee to Franchisor from time to time. Notwithstanding this Section 4.4(a), Master Franchisee acknowledges and agrees that the Initial Franchise Fee payable under Section 4.1 upon execution of this Agreement shall be paid in the manner specified in writing by Franchisor.

(b) In order to give effect to Section 4.4(a), Master Franchisee shall, prior to the Commencement Date, notify Franchisor in writing of Master Franchisee's bank account from which Franchisor will direct debit any fees owed on the due dates for payment under this Agreement. Master Franchisee also agrees that it shall:

(i) at the time of entry into this Agreement sign all necessary documents, forms, consents, and permissions to allow the direct debit of funds by electronic transfer from Master Franchisee's bank account to a nominated bank account as specified in writing by Franchisor;

(ii) sign all necessary documents, forms, consents, and permissions, and do all other things reasonably necessary to ensure that payments due to Franchisor under this Agreement are automatically transferred directly into Franchisor's nominated bank account;

(iii) not change the bank account from which Master Franchisee’s payments are direct debited without the prior written consent of Franchisor, which consent shall not be unreasonably withheld; and

(iv) keep all direct debit, electronic transfer and other permissions current and not make any changes to its direct debit/electronic transfer facilities without the prior written consent of Franchisor, which consent shall not be unreasonably withheld.

(c) Franchisor reserves the right to specify a different method of payment to that specified in Section 4.4(a) by written notice to Master Franchisee with a reasonable period to effect any such change.

(d) Master Franchisee agrees to pay all direct debit fees payable in connection with this Agreement.

(e) Master Franchisee agrees to indemnify Franchisor for all reasonable costs incurred by Franchisor relating to any failure of Master Franchisee to remit payment in the manner required through the direct debit facilities specified in Section 4.4(a) other than for cause beyond the reasonable control of Master Franchisee.

5. Franchisor's obligations

5.1 During the Term, Franchisor shall offer to provide Master Franchisee with, but Master Franchisee shall not be obliged to accept, the following Franchisor Services without charge other than as otherwise expressly specified in writing in this Agreement, strictly provided however, that at all relevant times Master Franchisee is not in default of its obligations under Sections 4, 6 or 7 of this Agreement.

(a) Prior to the commencement of operations of the Master Franchise Business, Franchisor will provide an initial training program at its training facility in Australia or at an alternative location in the United States as may be designated by Franchisor in its sole discretion, pertaining to the operation of the Master Franchise Business in accordance with Item 10 of Schedule 2. Master Franchisee is responsible for all expenses it and its employees incur to attend the training, including costs of travel, lodging, meals and wages.

(b) An employee or representative of Franchisor will provide initial store set up, support and training in the operation of the Gelatissimo System prior to the opening of the first Franchised Outlet in accordance with Item 10 of Schedule 2. Franchisor will be responsible for all costs in relation to its employee’s airfares, accommodation, meals, incidentals, and wages to provide this training.

(c) Reasonable general counseling and advice concerning interior design and layout, fixtures, furnishings, signs and equipment of Franchised Outlets, and as required to provide its approval in accordance with Section 2.1. All reasonable costs, including disbursements, of producing architectural drawings, and design fees are to be borne by Master Franchisee for its own Franchised Outlets and by the Store Subfranchisees for their respective Franchised Outlets, and all interior designs and layouts must be approved in writing by Franchisor in accordance with Section 2.1 prior to the commencement of any work at the Franchised Outlets.

(d) Additional training in the operation of the Gelatissimo System, if deemed appropriate by Franchisor, at such location in Australia or in the Territory as may be designated by Franchisor. Master Franchisee will be solely responsible for all costs and expenses incurred by Franchisor or Master Franchisee in relation to their employees' travel, accommodation, wages and all other expenses and allowances afforded to its employees in respect of attending such training.

(e) An employee or representative of Franchisor will provide ongoing support and training in the operation of the Gelatissimo System in accordance with Item 11 of Schedule 2. Franchisor will be responsible for all costs in relation to its employees' airfares, accommodation, meals, incidentals and wages in respect of attending such support and training. At the request of Master Franchisee, Franchisor shall provide additional training to this ongoing support in the Territory provided that Franchisor is given reasonable written notice of such a request and all reasonable costs in relation to Franchisor's airfares, accommodation, meals, incidentals, wages in respect of attending such further training are advised and agreed in writing by the Parties to be borne in such reasonable agreed amount by Master Franchisee.

(f) Continuing individual or group counseling in the operation of the Franchised Outlets rendered, at Franchisor's election and at Franchisor's cost, either in person or by bulletins made available from time to time to Master Franchisee and any Store Subfranchisees. Any additional counseling requested in writing by Master Franchisee and the reasonable additional costs arising from any such request shall be agreed by the Parties and borne by Master Franchisee.

(g) In accordance with Section 9.1 of this Agreement, make available to Master Franchisee (in electronic form) the Confidential Operations Manual, and:

(i) subject to Section 5.1(f)(ii), any additions and modifications thereto as Franchisor may make from time to time, exercising its reasonable discretion, to incorporate new developments regarding any changes in the standards, specifications, procedures, and techniques of the Gelatissimo System, to be advised in writing to Master Franchisee with electronic copies of any such amendments to be made available by Franchisor for use by each Franchised Outlet; and

(ii) should any additions or modifications be made to the Confidential Operations Manual under Section 5.1(f)(i) in any year of this Agreement, Franchisor shall ensure that it delivers at least one up to date electronic copy to Master Franchisee within a reasonable period of time not exceeding thirty (30) days from the date of any such addition or modifications.

(h) Assist Master Franchisee in advertising and promotion of the Products and Franchised Outlets (as required by Section 12 of this Agreement) in such manner, form and frequency as Franchisor reasonably deems appropriate, at Master Franchisee’s cost.

5.2 Franchisor shall not, by virtue of any approval of locations or other similar commercial approvals provided by Franchisor in accordance with this Agreement to Master Franchisee, whether relating to this Agreement, any Store Franchise Agreement, the Related Agreements or any other agreement, assume responsibility or liability to Master Franchisee or any Store Subfranchisee or third parties in relation to Master Franchisee Services or any services to be carried out by any Store Subfranchisee.

5.3 Franchisor shall continue its efforts to maintain high standards of quality, cleanliness, appearance, and service of the Gelatissimo System, and to that end shall at its cost:

(a) conduct, as it deems advisable, inspections of the Franchised Outlets and evaluations of the products sold and used, and services rendered therein; and

(b) establish standards of quality for Products used in and sold by the Franchised Outlets and criteria and procedures for approval of suppliers thereto.

5.4 During the Term, Franchisor shall supply Master Franchisee, either directly or through approved suppliers or Franchisor’s agents, at the prices specified in Item 1 of Schedule 1 and Part B of Attachment 2 (as amended in accordance with Section 6.5) with all Raw Products and Ancillary Items ordered by Master Franchisee pursuant to the terms and specifications under the supply terms as outlined in Schedule 1. The Parties acknowledge and agree that the supply of foodstuff within the Territory is subject to stringent government standards, regulations, and requirements. Franchisor agrees to provide Master Franchisee with any and all documents, materials and information, including but not limited to detailed specifications of the Products supplied to Master Franchisee pursuant to the Gelatissimo System and this Agreement, immediately upon request of Master Franchisee as necessitated by a requirement of a Government Agency of the Territory. Master Franchisee agrees to use such documents, materials and information exclusively for the purpose of operation of the Business.

5.5 Franchisor shall use its best endeavors to comply with all reasonable requests of Master Franchisee for development and supply of new flavors of the Products supplied pursuant to the Gelatissimo System and this Agreement, or other modifications to the Gelatissimo System, as Master Franchisee considers reasonably necessary in order to best serve the needs, tastes and preferences of customers in the Territory. For the avoidance of doubt, Franchisor will not be obliged to develop and supply a new flavor if the production of that flavor is not economically viable to Franchisor.

5.6 Franchisor shall use reasonable endeavors to maintain and continue to develop its business and the Gelatissimo System during the Term of this Agreement.

5.7 Franchisor shall guarantee the quality of the Raw Products and the Ancillary Items forming the subject of this Agreement and compliance thereof with such of the standards and regulations applicable in the Territory, in particular the standards and regulations pertaining to food safety. Franchisor warrants that the Raw Products and the Ancillary Items will be free from defects.

5.8 In the event that Franchisor is in breach of any of the warranties contain in this Agreement, and in particular those contained in Section 5.7, Franchisor's liability is limited to the extent permitted by law and at Franchisor's option to the refund of the cost of the goods or the replacement of the goods.

6. Master Franchisee's Obligations

6.1 Master Franchisee must undertake reasonable endeavors to promote, distribute and sell the Products and expand the Business and the number of Franchised Outlets throughout the Territory. For the avoidance of doubt:

(a) Master Franchisee is required to meet the Minimum Franchised Outlets Requirement; and

(b) Master Franchisee's obligation to expand the Business continues on a reasonable endeavors basis even after Master Franchisee has met the Minimum Franchised Outlets Requirement.

6.2 Master Franchisee must actively and diligently promote the Business and the Franchise Operation and devote sufficient time and attention towards the Franchise Operation during normal business hours so that the Franchise Operation is always adequately and professionally managed.

6.3 Master Franchisee must purchase all Raw Products and Ancillary Items from Franchisor, either directly or through approved suppliers or Franchisor's agents, at prices in accordance with Schedule 1 (as amended in accordance with Section 6.5) pursuant to the terms and specifications under the supply terms as outlined in Schedule 1 and on the terms set out in this Agreement, unless otherwise agreed in writing by the Parties. Master Franchisee must only supply or allow the supply of Products in accordance with this Agreement and must not supply or allow the supply of other products through the Franchised Outlets in the Territory unless Franchisor has approved them as Additional Products, such approval to Additional Products not to be unreasonably withheld or delayed by Franchisor.

6.4 Master Franchisee shall ensure that the Products and Additional Products shall be correctly stored, handled and distributed in such a manner to ensure compliance with local health regulations. All Products and Additional Products if delivered to the Franchised Outlets by Master Franchisee must be delivered in good and saleable condition and in the case of Products comply with Franchisor's specifications and reasonable directions on the storage, handling and distribution of the Products as set out in the Confidential Operations Manual or as otherwise advised in writing by Franchisor to Master Franchisee.

6.5 Master Franchisee agrees to buy, and to ensure that each of its Store Subfranchisees buys all Products and Ancillary Items proposed to be sold by it or its Store Subfranchisees only from Franchisor upon the terms set out in Schedule 1. The terms of supply as listed in Schedule 1 will provide for an initial purchase price for nominated ingredients, listed by product, delivered to Master Franchisee's export point in Sydney, with all subsequent costs and import and / or export duties to be borne by Master Franchisee. Such costs shall be fixed for twelve (12) months from the Commencement Date and thereafter may be varied as from that date and annually thereafter according to increases in the cost (a "**Price Change**"), to Franchisor, of:

(a) components used in the production of the Products;

(b) any material used in the Products; or

(c) the average cost of labor employed in the production of the Products.

Provided, that:

(i) If Franchisor experiences an increase in the above-mentioned costs by more than three percent (3%) in any twelve (12) month period from the Commencement Date, Franchisor may at any time during that year pass this increase on to Master Franchisee upon furnishing the Master Franchisee with written notice of a Price Change containing:

(A) the component, material or labour cost which is the subject of the change;

(B) the percentage value of such change in relation to the component, material or labour, and

(C) the dollar value increase in price necessary to reflect such changed costs.

(ii) If Franchisor experiences an increase in the above-mentioned costs by less than three percent (3%) in any twelve (12) month period from the Commencement Date, Franchisor may carry any cost increases that arose in that twelve (12) month period forward to the following twelve (12) month period.

(iii) For the avoidance of doubt:

(A) Franchisor is not obliged to provide Master Franchisee with any actual invoices or correspondence between Franchisor and any other contracting party including suppliers and employees, or any other details of its actual costs of producing the Product;

(B) Franchisor is not obliged to provide this written notice of a Price Change on the anniversary of the Commencement Date but can advise Master Franchisee of any such increase in costs at any time during that year or the twelve (12) month period thereafter; and

(C) Franchisor will provide Master Franchisee with at least thirty (30) days prior written notice before the implementation of any Price Change.

6.6 If the exchange rate of the United States to the Australian dollar reduces by more than five percent (5%) from the current exchange rate set out in Item 12 of Schedule 2 (or such lower rate as the Franchisor may specify in writing as a consequence of a previous application of this Section 6.6 and Section 6.7) ("**the Specified Rate**") and remains at least five percent (5%) below the Specified Rate on average for each day in any calendar month, the Master Franchisee may provide Franchisor with a written notice requiring Franchisor to review the Terms of Supply set out in Schedule 1. For the avoidance of doubt Franchisor is under no obligation to reduce then current pricing structure.

6.7 If Franchisor decides to grant a price reduction in accordance with Section 6.6, Franchisor has the right, in its sole discretion, to revert to the original Terms of Supply if the exchange rate between the United States and the Australian dollar increases so that there is less than a five percent (5%) difference between the Specified Rate and then current exchange rate between the United States and the Australian dollar. For the avoidance of doubt, nothing in Section 6.6 and this Section 6.7 will affect Franchisor's right to vary the Terms of Supply in accordance with Section 6.5, without prejudice to the rights of Master Franchisee thereunder.

6.8 Master Franchisee agrees to sell in its own Franchised Outlets, and to procure that its Store Subfranchisees sell, those Products acquired from Franchisor upon the terms set out in Schedule 1 and approved Additional Products (approval not to be unreasonably withheld or delayed by Franchisor).

6.9 Master Franchisee must ensure that the Franchised Outlets are maintained in a clean, tidy, safe and hygienic condition at all times, and that the Franchised Outlets comply with all health regulations of the Territory at all times.

6.10 Master Franchisee acknowledges and agrees that every material detail of the Gelatissimo System is important to Master Franchisee, Franchisor, and each Store Subfranchisee in order to:

(a) develop and maintain high and uniform operating standards,

(b) increase the demand for the Finished Products and Ancillary Items sold by each Franchised Outlet, and

(c) use reasonable efforts to protect Franchisor's reputation and goodwill.

6.11 Master Franchisee must establish and operate its own Franchised Outlets, or cause each Store Subfranchisee to establish and operate their respective Franchised Outlets, solely using the Gelatissimo System (as reasonably amended, improved, and further developed from time to time by Franchisor and advised in writing by Franchisor to Master Franchisee) selling the Finished Products and Ancillary Items, and using the Proprietary Marks (as amended or directed from time to time in accordance with this Agreement) on the terms of this Agreement, the Confidential Operations Manual and any Related Agreements. Master Franchisee may permit Store Subfranchisees to sell Additional Products. No other products other than the Finished Products, Ancillary Items or Additional Products must be sold from the Franchised Outlets without the approval of Franchisor, such approval not to be unreasonably withheld or delayed.

6.12 The Finished Products must be prepared using the Raw Products supplied by Franchisor unless otherwise agreed by Franchisor.

6.13 Master Franchisee must attend and complete to Franchisor's reasonable satisfaction Franchisor's Master Franchise initial training program in Australia prior to commencing operations of the Master Franchisee Business and the Store Training prior to the opening of the first Franchised Outlet as set out at Item 10 of Schedule 2. All expenses incurred in training shall be in accordance with the terms set out in Section 5.1(a) and 5.1(b). Training with respect to additional Franchised Outlets shall be conducted at the Training Store by suitably qualified personnel of Master Franchisee and Master Franchisee shall reasonably periodically provide training in the operation of the Gelatissimo System to the managers of each Franchised Outlet.

6.14 Master Franchisee must: (i) ensure and procure that each Franchised Outlet is solely and exclusively used for the operation and furtherance of the Gelatissimo System and/or Master Franchisee's other business activities existing at the Commencement Date unless otherwise agreed with Franchisor; (ii) comply with any Franchised Outlet lease obligations with respect to hours during which shops may open in the Territory for business; and (iii) refrain from using or suffering the use of the Franchised Outlet for any other purpose or activity, without the prior written consent of Franchisor, such consent not to be unreasonably withheld.

6.15 Master Franchisee must ensure and procure that each Franchised Outlet is operated in compliance with this Agreement and/or Store Franchise Agreement, and in conformity with such uniform methods, standards, and specifications as Franchisor may reasonably from time to time prescribe in the Confidential Operations Manual, provided that these amendments do not contradict with the provisions of this Agreement, to ensure that the highest degree of quality and service is uniformly maintained. Master Franchisee agrees:

(a) to maintain in sufficient supply, and use at all times, only such Raw Products, Ancillary Items and such materials, ingredients, supplies, and paper goods as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by using nonconforming items without Franchisor's prior written consent, such consent for all products not to be unreasonably withheld or delayed;

(b) to use at the Franchised Outlets only menus which comply with the style, pattern, and design prescribed by Franchisor in the Confidential Operations Manual or otherwise approved or advised in writing;

(c) to sell or offer for sale only such Products as meet Franchisor's uniform standards of quality and quantity, as have been prepared in accordance with Franchisor's methods and techniques to the best of Master Franchisee's knowledge (for the avoidance of doubt, Franchisor will consider any requests from Master Franchisee for alternative gelato flavors that Master Franchisee can establish are more suitable for sale in the Territory); to refrain from any deviation from Franchisor's standards and specifications for serving or selling Products without Franchisor's prior written consent; and to discontinue selling and offering for sale any Products as Franchisor may, in its reasonable discretion, disapprove in writing at any time;

(d) to not allow any Franchised Outlet or any part thereof to be used for any immoral or illegal purposes;

(e) to permit Franchisor or its agents provided there is no major disruption to the Business, during normal business hours to:

(i) take photographs of the interior and exterior of the Franchised Outlets; and/or

(ii) remove from the premises of the Franchised Outlets, at Franchisor's option, certain samples of any inventory items without payment therefore unless such samples are shown to be compliant with the Master Franchise's obligations under this Agreement and Franchisor's then- current standards and specifications, in amounts reasonably necessary for testing by Franchisor and in case of dispute between the Parties by an independent certified laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, the Franchisor may require the Master Franchisee or the relevant Store Subfranchisee to bear the cost of such testing if the sample indicates a breach of the Master Franchisee's obligations under this Agreement or fails to conform to Franchisor's specifications, due to a cause not attributable to Franchisor;

(iii) For the avoidance of doubt, Franchisor acknowledges that where no breach on the part of Master Franchisee or the store sub franchisee is indicated by such testing then all expenses in relation to such testing shall be borne by Franchisor

(f) to purchase and install, at the expense of either Master Franchisee or the relevant Store Subfranchisee, all fixtures, furnishings, signs, and Equipment as Franchisor may reasonably direct from time to time including in the Confidential Operations Manual and to refrain from installing or permitting to be installed on or about the Franchised Outlets, without Franchisor's prior written consent, such consent not to be unreasonably withheld, any equipment, signs, posters, or other improvements not previously approved in writing as meeting Franchisor's standards and specifications relating to the Business of selling the Products or any other items that both Parties have otherwise agreed to. Such specifications may include specific brands of the refrigeration and other equipment. Franchisor will require the purchase of equipment, supplies and other products and material of a specific brand or from a specified Equipment Supplier in order to ensure consistency of Product among Franchised Outlets, unless (other than in the case of gelato) such brands are imported and much more expensive than local brands, which Franchisor has agreed in writing are in the opinion of Franchisor proven to be of comparable function and quality, in which case the local brands may be purchased;

Provided Franchisor gives advance notice in writing to Master Franchisee, either Master Franchisee or the relevant Store Subfranchisee must pay all reasonable costs and expenses incurred by Franchisor in investigating the function and quality of local brands, provided Franchisor shall exert best endeavors to conduct any such investigation in conjunction with the initial store set-up under Section 5.1(a) or during a visit pursuant to Section 5.1(d). Franchisor shall have the right to make reasonable inspections of all Equipment, furniture, fixtures, furnishings and signs during such investigation to ensure compliance by Master Franchisee and each Store Subfranchisee with this Section on reasonable notice and during normal business hours.

(g) to purchase, install and maintain, at the expense of either Master Franchisee or the relevant Store Subfranchisee, such point of sale systems, internet or information accounting and business management systems, computer systems including hardware and software in the conduct of the Franchised Outlets as is specified by Franchisor, whether in the Confidential Operations Manual or otherwise.

6.16 If required by Franchisor, Master Franchisee will follow any accounting, inventory, reporting and recording methods, techniques and forms provided by Franchisor which are a distinguishing characteristic of the Gelatissimo System. Where this causes any difficulty in the Territory, international accounting standards consistent with the accounting standards applied in the Territory may be used by Master Franchisee with the prior written consent of Franchisor.

6.17 During the Term, Master Franchisee, subject to Franchisor's compliance with this Agreement, agrees to promptly pay when due all monetary obligations owed to Franchisor. The Parties acknowledge and agree that time is of the essence with regard to such payments.

6.18 Master Franchisee must at all times keep Franchisor informed of the performance of the Business, the Franchise Operation and the Franchised Outlets in the Territory. Master Franchisee must provide Franchisor within ten (10) Business Days of the end of each calendar month (or other sales period as may be reasonably required by Franchisor from time to time and advised in writing to Master Franchisee) an individual Franchised Outlet sales report for each Franchised Outlet detailing actual retail sales and purchases by product category for the period nominated by Franchisor. Master Franchisee must also provide Franchisor within ten (10) Business Days of the end of each calendar month (or other sales period as may be required by Franchisor acting reasonable from time to time and advised in writing to Master Franchisee) a monthly report setting out the Gross Sales and Wholesale Sales of Master Franchisee under this Agreement.

Further, Master Franchisee must within twenty-one (21) Business Days of the end of each Quarter provide Franchisor with true and accurate operating profit and loss statements (and such other financial information as Franchisor may reasonably require as advised in writing to Master Franchisee) in respect of:

(a) each individual Franchised Outlet; and

(b) Master Franchisee's Business.

6.19 Master Franchisee must notify Franchisor in writing as soon as possible, but no later than 10 Business Days after, it becomes aware of the commencement of any action, suit, or proceeding, award, judgment, or decree of any court or Government Agency within the jurisdiction of the Applicable Law which may materially adversely affect Master Franchisee's operation of any Franchised Outlet or its ability to meet any of its obligations under this Agreement or any Related Agreement or which may materially adversely affect any of the Proprietary Marks or the goodwill associated with the Proprietary Marks.

6.20 Master Franchisee must communicate with Franchisor on a regular basis (and in any event not less than monthly) and must use best efforts to respond to all communications or requests for information made by Franchisor in writing to Master Franchisee, including any request for information regarding the terms of any Store Franchise Agreement.

6.21 The Parties shall at all times carry out the terms of this Agreement and work together diligently and in good faith.

6.22 Master Franchisee must notify Franchisor in writing thirty (30) days in advance of Master Franchisee's intention to open or operate or engage in another business activity, which would materially adversely affect the performance of its obligations under this Agreement, excluding any business of the kind which Master Franchisee is involved in as at the Commencement Date.

6.23 Master Franchisee must, prior to the Commencement Date, prepare the Initial Business Plan and provide a copy of the same to Franchisor.

6.24 Master Franchisee must prepare the Annual Business Plan by 30 June of each year of the Term and provide Franchisor with a copy of the same within 10 Business Days of its final and complete preparation.

6.25 In the event that a business plan is submitted to Franchisor, then Master Franchisee agrees that Franchisor is not obliged to provide any feedback or recommend any changes to the plan, and that any lack of feedback within fifteen (15) days from the date of delivering of the business plan is an indicator that Franchisor accepts the plan.

7. Master Franchisee's Obligations to Store Subfranchisees

7.1 Master Franchisee acknowledges that many jurisdictions have enacted laws and regulations concerning the advertising, sale, renewal and termination of, and continuing relationship between parties to a franchise agreement, including, without limitation, laws concerning pre-sale disclosure and registration of persons who engage in the offer or sale of franchises ("Franchise Laws"). Master Franchisee further acknowledges and agrees that it, alone, must investigate and determine which of the Franchise Laws applies to its business and then comply with all such laws. The term Applicable Laws includes all Franchise Laws.

7.2 Following the Commencement Date, Master Franchisee shall take all reasonable steps necessary to confirm that all information that will be included in any written materials it prepares to solicit the sale of Franchises in the Territory (a "**Franchise Disclosure Document**"), will be true, correct and not misleading at the time of the offer or sale and comply with Applicable Law. Franchisor shall take all reasonable steps necessary to confirm that all information Franchisor supplies to Master Franchisee for use in any Disclosure Document will be true, correct, and not misleading when it is provided. If Franchisor notifies Master Franchisee of any error in any information in any Disclosure Document, Master Franchisee shall have a reasonable period of time to correct the errors in that information subject to the timing requirements of Applicable Law.

7.3 Master Franchisee shall not solicit Store Subfranchisees for the purchase of Franchised Outlets until Master Franchisee has (i) prepared a current Franchise Disclosure Document in compliance with the Applicable Laws in the Territory that require disclosure, and (ii) registered a current Franchise Disclosure Document with the governmental authorities in the Territory that require registration, or file applications for exemptions from registration. Throughout the Term, Master Franchisee shall provide Franchisor with copies of every Franchise Disclosure Document it intends to use in the Territory for Franchisor's review and approval, before the Disclosure Documents are used or submitted for registration or exemption. Master Franchisee shall bear all costs and expenses required to prepare, translate, amend, register and/or exempt its Disclosure Documents in the Territory.

7.4 Throughout the Term, Franchisor shall have the option but not the obligation to provide Master Franchisee with templates for the current Franchise Disclosure Documents and related Exhibits (collectively, a "**Template FDD**"), which may change from time to time. Franchisor may require Master Franchisee to use such Template FDD as the model for the preparation of its Franchise Disclosure Documents.

7.5 Master Franchisee shall provide to each Store Subfranchisee all continuing assistance and services it is reasonably required to provide pursuant to this Agreement or the relevant Store Franchise Agreement (as appropriate) and the Confidential Operations Manual, and such additional advice and assistance as may reasonably be required from time to time and notified in writing by Franchisor to Master Franchisee.

7.6 Master Franchisee shall plan, organize and conduct Territory meetings with each Store Subfranchisee and provide such instructions and assistance as may be reasonably required in order to assist them in complying with the terms of this Agreement or their respective Store Franchise Agreements (as applicable) and in the conduct of their respective Franchised Outlet operations.

7.7 Master Franchisee or its representative shall meet individually (in person or by telephone or other form of communication) with each of its Store Subfranchisees and visit the Franchised Outlets on a regular basis and in any event not less than monthly.

7.8 Master Franchisee must use its best endeavors to ensure and procure that each Store Subfranchisee complies with all terms and conditions of this Agreement or the relevant Store Franchise Agreement (as applicable), and the uniform methods, standards, and specifications as Franchisor may reasonably prescribe from time to time in the Confidential Operations Manual, and the Gelatissimo System generally and where there is a serious default, comply with all reasonable directions of Franchisor in relation to that default.

7.9 Master Franchisee shall provide training for each new Store Subfranchisee in accordance with the reasonable training program approved and/or provided by Franchisor and notified in writing to Master Franchisee from time to time. The cost of the initial training by Master Franchisee is to be included in the initial fee paid by the Store Subfranchisee to Master Franchisee under the relevant Store Franchise Agreement or as otherwise agreed between the Store Subfranchisee and Master Franchisee.

7.10 Master Franchisee must ensure that all new Franchised Outlets are fitted out and maintained strictly in accordance with the reasonable specifications of Franchisor as determined from time to time in the Confidential Operations Manual (with all changes being notified in writing to Master Franchisee) or otherwise specified by Franchisor, and must use reasonable endeavors to procure that the conditions in the Confidential Operations Manual relating to refurbishment of the premises are complied with if reasonably required by Franchisor as set out in the Confidential Operations Manual and advised in writing to Master Franchisee at the cost of the relevant Store Subfranchisee.

7.11 Master Franchisee must ensure that each Store Subfranchisee refurbishes and repairs their Franchised Outlets as reasonably required by Franchisor at the Store Subfranchisee's cost. Franchisor agrees not to require Store Subfranchisees to undertake any major refit or refurbishment of their Franchised Outlets more than once every 5 years, unless otherwise required by the lease or license of the premises.

8. Proprietary Marks

8.1 **Proprietary Marks**

(a) Franchisor grants to Master Franchisee the right, during the course of this Agreement and in the Territory, to use and sub-license the Intellectual Property for the purposes of the Business.

(b) Master Franchisee understands and agrees that the license to use Franchisor's Intellectual Property granted in Section 8.1(a) applies only to the use of the Intellectual Property in connection with the operation of the Franchised Outlets at the locations in the Territory approved or permitted by Franchisor in accordance with this Agreement, and includes only such Proprietary Marks as are now or may hereafter be designated by Franchisor in writing for use by Master Franchisee, and specifically excludes any other proprietary mark or any other marks of Franchisor now existing or that may be developed or acquired by Franchisor at any future time.

(c) Master Franchisee agrees to establish, operate and advertise the Franchised Outlets only under the Proprietary Marks.

8.2 Franchisor reserves the right, if necessary in Franchisor's sole judgment, to change the Intellectual Property (including the Proprietary Marks) on a national or regional basis, and within sixty (60) calendar days upon notice by Franchisor, Master Franchisee shall at its own expense add, modify, delete, or substitute any or all of the Marks designated by Franchisor to identify the Franchised Outlet. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's change of any Mark. Franchisor shall have no liability for any expenses or damages incurred by Franchisee as a result of Franchisor's election to change the use of any or all of the Marks.

8.3 Franchisor agrees that the Proprietary Marks herein licensed to Master Franchisee shall and may be used only for the business of conducting Franchised Outlets at the approved or permitted locations in the Territory and shall not be used by Master Franchisee for any other purpose or in any manner not then authorised by Franchisor; and that at all times during the Term, Master Franchisee will conduct and operate the Franchised Outlets in a diligent and loyal manner using Master Franchisee's reasonable efforts to promote the business of the Franchised Outlets and to enhance the goodwill and consumer demand for Products in the Territory.

8.4 Franchisor warrants that it or Licensor is the owner of the Intellectual Property. Master Franchisee agrees that any unauthorized use of the Intellectual Property or any component thereof may constitute an infringement of Franchisor's and Licensor's rights in such Intellectual Property; and that, except as expressly provided by this Agreement, Master Franchisee acquires no right, title or interest in the Intellectual Property; and that any and all goodwill associated with the Intellectual Property, the Gelatissimo System and the Proprietary Marks shall inure exclusively to Franchisor's benefit; and that, upon the expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with Master Franchisee's use of the Gelatissimo System and the Proprietary Marks, unless such termination is caused by Franchisor's default.

8.5 Master Franchisee acknowledges and agrees that the use of the Intellectual Property (including, without limitation, the Proprietary Marks) outside of the scope of this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's exclusive right, title, and interest in and to the Proprietary Marks. In consideration, amongst other things, for continued use of the Proprietary Marks, Master Franchisee expressly covenants that during the Term, and after the expiration or termination of this Agreement, Master Franchisee shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the Intellectual Property, including without limitation, the Proprietary Marks, or take any other action in derogation of Franchisor's ownership thereof.

8.6 Each party agrees to promptly notify the other party in writing of any litigation instituted by any person or legal entity against that party or any Store Subfranchisee involving the Intellectual Property. Master Franchisee acknowledges and agrees that Franchisor and/or Licensor have the right to control any proceedings or litigation involving the Intellectual Property. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Intellectual Property, Master Franchisee agrees to execute any reasonably necessary documents, and to render reasonable assistance (but excluding all financial assistance) as may, in the reasonable opinion of Franchisor's counsel, be necessary to carry out such defense or prosecution. The costs of any such proceedings or litigation shall be at the cost of Franchisor with the proviso that Franchisor reserves the right to recover its legal costs from, and is not liable to pay the costs of, Master Franchisee if such action results from the direct negligence or misconduct of Master Franchisee.

8.7 Except as permitted in Section 8.7 below, Master Franchisee shall not, without Franchisor's prior written consent, use the Proprietary Marks as part of either Master Franchisee's corporate or other legal name, nor hold out or otherwise employ the Proprietary Marks to perform any activity, or to incur any obligation or indebtedness, in such a manner as to suggest Master Franchisee is a group company of Franchisor. If Franchisor is held liable by any arbitrator or any court of competent jurisdiction because of Master Franchisee's, or any Store Subfranchisee's misuse of the Proprietary Marks as envisaged by this Section, Master Franchisee will indemnify and hold harmless Franchisor for such liability.

8.8 The Master Franchisee may register and use "Gelatissimo" or any name containing "Gelatissimo" as a fictitious or assumed business name in the Territory (subject to the names being available for registration in the Territory) during the Term. Master Franchisee must notify Franchisor within five (5) days of any registration. Upon termination or expiration of the Master Franchise Agreement, Master Franchisee shall transfer any such registration to Franchisor or its designee within ten (10) days of such termination or expiration.

8.9 Master Franchisee expressly acknowledges and agrees that subject to compliance with the Minimum Franchised Outlet Requirement and payment of the applicable Initial Franchise Fee, the license to use the Proprietary Marks granted under this Agreement is exclusive for the Term of this Agreement only within the Territory, and that Franchisor has and retains the right, among others:

(a) to grant other licenses for the Proprietary Marks, in addition to those franchises already granted to existing franchisees, in other jurisdictions outside of the Territory at any time;

(b) to use the Proprietary Marks in connection with the sale of gelato, granita and other products at wholesale and retail outside the Territory; and

(c) to develop and establish other systems for the same or similar Products utilizing the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses thereto outside the Territory at any time, without providing Master Franchisee any right therein.

8.10 Master Franchisee acknowledges and agrees that each and every detail of the Gelatissimo System is important to the Master Franchisee and Franchisor in order to develop and maintain high and uniform standards of quality and service, and hence to protect and enhance the reputation and goodwill of Franchisor. Master Franchisee accordingly agrees:

(a) apart from Master Franchisee's own or its affiliate's own marks, words or symbols (whether registered or unregistered), to refrain from using any of the Proprietary Marks in conjunction with any other word or symbol without Franchisor's prior written consent;

(b) to adopt and use the Proprietary Marks licensed hereunder solely in the manner reasonably prescribed by Franchisor in writing;

(c) to adhere to all such requirements with respect to service mark, trademark, and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Master Franchisee as Franchisor may reasonably direct in writing from time to time, including affixing an "**R**" in a circle adjacent to all such registered Proprietary Marks in any and all uses thereof, affixing "**TM**" or "**SM**", as appropriate, to any Products or advertisements to which Franchisor directs Master Franchisee in writing to apply the mark, or utilizing such appropriate notice of copyright or registration as Franchisor may require in writing, after giving due consideration to local custom and culture; provided Franchisor shall be liable for the incorrect fixation of any such notice or mark to any Proprietary Mark, Product, advert or other item;

(d) to execute at the cost of Franchisor all documents reasonably requested by Franchisor or its counsel in writing to Master Franchisee that are necessary to obtain protection for the Proprietary Marks or to maintain their continued validity or enforceability, and to take no action that would jeopardize the validity or enforceability thereof;

(e) to use, promote, and offer for sale the Products to a standard and specification which meets Franchisor's reasonably prescribed standards and specifications, as they are disseminated by Franchisor from time to time to Master Franchisee in the Confidential Operations Manual.

8.11 Master Franchisee acknowledges and agrees that:

(a) if during the Term it develops any IP Improvements, and acquires any intellectual property rights in relation thereto, Master Franchisee shall immediately upon the creation of such intellectual property rights assign all its rights to such IP Improvements to Franchisor (or its nominated entity). In the event that Master Franchisee's intellectual property rights are not capable for any reason of being assigned, the Master Franchisee grants to Franchisor (or its nominated entity) an irrevocable, worldwide, fully assignable, perpetual and royalty free license to use the IP Improvements, such license only capable of being terminated by Franchisor upon written advise to Master Franchisee. The obligation assumed by Master Franchisee under this Subsection 8.11(a) shall be to the extent permitted under the Applicable Law.

(b) Master Franchisee acknowledges and agrees that Franchisor may seek to register any intellectual property rights in the IP Improvements and that Master Franchisee shall perform all acts and do all things necessary to either:

(i) register the IP Improvements in the name of Franchisor; or (if that, for any reason, is not possible),

(ii) register the IP Improvements in its own name and assign the registration and all necessary applications to Franchisor to the extent allowed under the Applicable Law.

(c) In the event that Master Franchisee is not the author of any IP Improvements, Master Franchisee will use its reasonable endeavors to ensure that all copyright in any such IP Improvements is assigned to Franchisor by the author to the extent allowed under the Applicable Law and Franchisor will bear any reasonable costs or expenses incurred by Master Franchisee in doing so.

8.12 Franchisor agrees that it will make the trademark applications in the Territory as specified in Schedule 3 and that it will use reasonable endeavors to ensure such trademarks are granted in the Territory and, if any of such trademarks are registered in the Territory, it will maintain such registrations for as long as possible and in any event at least for the Term. Franchisor will be responsible for all costs associated with such registrations.

9. Confidential Operations Manual

9.1 In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under the Proprietary Marks, Master Franchisee shall conduct its Business and the Franchise Operation in accordance with Franchisor's Confidential Operations Manual, a copy of which Master Franchisee acknowledges having received electronically on loan from Franchisor as at the Commencement Date for use during the Term and which Master Franchisee may provide, on loan, at least one (1) copy of the Confidential Operations Manual to each Franchised Outlet for use in their respective operations of the Franchised Outlets. Upon Master Franchisee's request at any time after the Commencement Date, Master Franchisee may, at its sole expense, translate the Confidential Operations Manual into the local language. If Master Franchisee translates the Confidential Operations Manual into the local language, Master Franchisee must provide Franchisor with a copy of the translated Confidential Operations Manual and written notice of the number of Confidential Operations Manuals which have been copied in the local language.

9.2 The Master Franchisee shall at all times treat the Confidential Operations Manual, or any other manuals created for or approved for use by the Parties in the operation of the Franchised Outlets and the information contained therein, as confidential. The Master Franchisee specifically agrees that it will use reasonable efforts to maintain such information as secret and confidential and will limit access to the Confidential Operations Manual on the basis of what is reasonable and necessary to the conduct of the Business and Franchise Operations. The Master Franchisee accordingly covenants that it shall not at any time, without Franchisor's prior written consent, disclose (except to such employees, agents, subcontractors, or professional advisers who must have access to such information in order to establish and operate the Franchised Outlets), or use or permit the use thereof (except as may be required by the Applicable Law, a Government Agency, or authorised by this Agreement) to copy, duplicate, record or otherwise reproduce such information, in whole or in part, or otherwise make the same available to any unauthorised person or source. Any and all information, knowledge and know how not generally known about the Gelatissimo System and the Products, standards, specifications, systems, procedures, and techniques and such other information and material as Franchisor may reasonably designate and advise in writing to Master Franchisee as confidential, shall be deemed confidential for the purposes of this Agreement and treated in accordance with and subject to the provisions of Section 10.

9.3 The Confidential Operations Manual, any other manuals or materials designated for use with respect to the Gelatissimo System, and all Confidential Information of Franchisor (and trade secrets, if any) including all translations of such materials and information, advised in writing by Franchisor to Master Franchisee shall at all times be and remain the sole property of Franchisor. Master Franchisee acknowledges and agrees that Master Franchisee does not acquire any right, title, or interest in the Confidential Operations Manual by virtue of its authorisation pursuant to this Agreement to possess and use the same.

9.4 Franchisor may from time to time and acting reasonably revise the contents of the Confidential Operations Manual and Master Franchisee expressly agrees to comply with each agreed new or amended standard or procedure (as the case may be and if applicable to Master Franchisee and/or the Territory) provided that Master Franchisee has been provided with prior written notice of such revisions and a reasonable period for compliance.

9.5 Master Franchisee shall at all times ensure that its copy of the Confidential Operations Manual is kept current and up-to-date, by inserting therein replacement copies of each revision thereof effected in accordance with Section 9.4. Subject to satisfaction of the requirements on Franchisor in Section 9.4, in the event of any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy of the Confidential Operations Manual for the Territory maintained by Franchisor at Franchisor's head office, and of which Master Franchisee has been furnished, shall apply.

10. Confidential Information

10.1 Subject to Section 10.4, both parties shall not, during the Term or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any Confidential Information, knowledge, or know-how concerning the construction and methods of operation of the other party which may be communicated in writing or orally by the disclosing party. The receiving party shall divulge such Confidential Information only to such of its employees, agents, contractors and professional advisers as must have access to it in order to conduct the Business and Franchised Operations or fulfil its obligations under this Agreement and any disclosure will be on a strictly confidential basis. This Section applies whether or not the Confidential Information is published, protected, or susceptible to protection by trademark, patent, or copyright or any other type of legal protection, and whether or not any attempt has been made by the disclosing party to secure such protection.

10.2 Notwithstanding Section 10.1, Master Franchisee may disclose Confidential Information to a Store Subfranchisee and its employees, agents, contractors and professional advisers, provided that such information is reasonably required to operate the Franchised Outlet, and that prior to disclosure the Store Subfranchisee has executed a Store Franchise Agreement in accordance with this Agreement or a confidentiality agreement or as otherwise agreed between the Parties which includes an obligation to keep the Confidential Information confidential on the terms of this Section.

10.3 Both parties shall take reasonable measures to procure that its employees, agents and professional advisers, as a condition to their agreement with the receiving party, are made aware of and abide by all obligations of confidentially under this Section 10.

10.4 The provisions of this Section 10 shall not apply to Confidential Information that:

(a) the receiving Party can prove was known to the receiving Party or in its possession before that information was acquired from, or from some person on behalf of, the disclosing Party;

(b) is in or enters the public domain through no wrongful default of the receiving Party or any person on its behalf, provided that this Subsection shall only apply from the date that the relevant Confidential Information enters the public domain;

(c) the receiving Party receives from a third-party without similar obligations of confidence in circumstances where the third-party did not obtain that information as a result of a breach of an obligation of confidence;

(d) is required to be disclosed by any Applicable Law or by order of any Governing Agency, Court of competent jurisdiction or any government body, agency or regulatory body, provided that the receiving Party shall use all reasonable endeavors:

(i) to give the disclosing Party as much written notice of the disclosure as it reasonably can to enable the other Party to seek a protective order or other action protecting the Confidential Information from disclosure;

(ii) to furnish only that portion of the Confidential Information that it is legally obliged to disclose; and

(iii) to consult with the disclosing Party with a view to agreeing the timing and content of any such disclosure;

(e) the receiving Party can prove was independently developed by any of the receiving Party's employees who have not had any direct or indirect access to, or use or knowledge of, the Confidential Information imparted by the disclosing Party; or

(f) because of its nature is not capable of protection as confidential information even if it remains secret.

11. Accounting and Records

11.1 During the Term, Master Franchisee and each Store Subfranchisee shall maintain and preserve for at least four (4) years from the dates of their preparation, full, complete, and accurate books, records, and accounts which relate to the Business in accordance with generally accepted accounting principles.

11.2 Master Franchisee and any Store Subfranchisee must make available for inspection by Franchisor within fourteen (14) Business Days of reasonable written request from Franchisor to Master Franchisee and within seven (7) Business Days from further transmittal of such request by Master Franchisee to the relevant Store Subfranchisee, all information concerning the operations of the relevant Franchised Outlet, including but not limited to full details of all products, including the Products purchased by Master Franchisee and Store Subfranchisee from Franchisor or any other supplier, and Gross Sales levels of the relevant Franchised Outlet and such accounting information and records concerning the operations of the relevant Franchised Outlet as required elsewhere in this Agreement.

11.3 Master Franchisee and each Store Subfranchisee shall record all sales on cash registers approved by Franchisor, which shall contain devices that will record accumulated sales.

11.4 Franchisor shall have the right, at any time, to have an independent audit made of the books of Master Franchisee that relate in any way to the Business. The Master Franchisee may limit the audit and the report to be given by the independent auditor to Franchisor to such information required to confirm whether Gross Sales have been understated by Master Franchisee in any report to Franchisor. If an inspection is required as a result of Master Franchisee being in material default of its obligations under this Agreement, or Master Franchisee discloses an understatement in any report of Gross Sales with a discrepancy of two percent (2%) or more for cause attributable to the fault or negligence of Master Franchisee, and provided the discrepancy is confirmed and validated by the audit with reasonable certainty to be accurate and solely attributable to Master Franchisee, Master Franchisee shall, in addition to its obligations under this Agreement, reimburse Franchisor in respect of any and all costs and expenses connected with the inspection (including, but not limited to, any reasonable accountants' and attorneys' fees). In any such event, Master Franchisee must pay such audit and attorneys' fees in a lump sum to Franchisor within seven (7) Business Days from written demand by Franchisor and such fees are not refundable in whole or in part.

11.5 Master Franchisee agrees that Franchisor may, if required by a relevant Government Agency or the Applicable Law to do so, reveal to the relevant Government Agency regulating the franchise relationship under this Agreement, information regarding the accounts and records of Master Franchisee. Franchisor may also reveal financial information, including Gross Sales figures, to prospective franchisees and other interested persons.

12. Advertising and Websites

12.1 Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the Gelatissimo System, Master Franchisee agrees that all advertising in any medium must be conducted in a dignified manner, and must, subject to cultural and other relevant considerations, conform to the standards and requirements of the Confidential Operations Manual and must utilize only the approved color scheme of the Gelatissimo System.

12.2 Master Franchisee agrees to advertise the Franchised Outlets only under the Proprietary Marks designated for that purpose and in accordance with Section 8 of this Agreement. Master Franchisee shall submit to Franchisor (through the mail, return receipt requested, or through electronic mail or courier service for expediency with transmittal properly confirmed or receipt properly acknowledged as applicable) for its prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that Master Franchisee desires to use in both the Territory generally and any other location within the Territory, at least thirty (30) days before those advertising and promotional materials are produced, if they have not previously been approved by Franchisor.

12.3 Master Franchisee shall contribute its pro-rata portion plus freight or courier charges, determined by reference to the number of Gelatissimo outlets then trading throughout the world, of the cost of any part of any advertising campaign, or any marketing or promotions of which Master Franchisee shall receive a benefit, that Franchisor reasonably determines advisable and beneficial to conduct, provided that nothing herein contained obligates Franchisor to conduct any such advertising campaign, marketing, or promotions.

12.4 Master Franchisee agrees to conduct at either its expense, the expense of any one or more Store Subfranchisees, or the expense of a communal advertising fund set up in the Territory, its own continuing local advertising during the Term. Any such fund must be used to promote the Gelatissimo System and Franchised Outlets in the Territory.

12.5 Franchisor reserves the right to establish and administer an advertising**,** publicity and marketing fund (a "Marketing Fund") to promote the Gelatissimo System, Brand and Outlets. When and if a Marketing Fund is established, Master Franchisee will be required to to pay the Marketing Fund Fee to Franchisor.

(a) The Marketing Fund’s purpose is to enhance the goodwill and public image of the System and Marks. The Marketing Fund is not, and will not be, an asset of Franchisor. The Marketing Fund, and all contributions to and earnings of the Marketing Fund, will be used to pay any and all costs of maintaining, administering, directing, producing and preparing market research, advertising, marketing materials and/or promotional activities for the System. Money paid by Master Franchisee to the Marketing Fund will not be used to defray any of Franchisor’s expenses except as provided in this Section, and except as Franchisor may incur in activities reasonably related to the administration or direction of the Marketing Fund and advertising and marketing programs for franchisees and the System. Franchisor will not use the Marketing Fund for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using the Marketing Fund (including Internet advertising) information concerning franchise opportunities, and a portion of Marketing Fund monies may be used to create and maintain one or more pages on Franchisor's website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

(b) The selection of media and locale for media placement will be at the sole discretion of Franchisor. All reasonable costs incurred by Franchisor or charged to Franchisor by third parties for market research and the production and dissemination of advertising, marketing and promotional materials may be charged to the Marketing Fund. Franchisor, upon request that is more than one hundred and twenty (120) days after the end of the prior calendar year, will provide Master Franchisee with an annual accounting of receipts and disbursements of the Marketing Fund for that year (which accounting will not be audited)

(c) Master Franchisee understands that advertising and marketing through the Marketing Fund is intended to maximize the public's awareness of the System, and that Franchisor has no obligation to ensure that any individual franchisee benefits directly or on a pro rata basis from the placement, if any, of such advertising or marketing in its local market.

(d) Franchisor anticipates that all contributions to, and earnings of, the Marketing Fund will be expended for the purposes stated above during the fiscal year in which the contributions and earnings are received. However, if unexpended amounts remain in the Marketing Fund at the end of the fiscal year, all expenditures in the following fiscal year will be made first out of the unspent contributions, and then out of new contributions. Although the Marketing Fund is intended to be of perpetual duration, Franchisor may in its sole discretion terminate the Marketing Fund or suspend its operation. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been spent for the purposes stated in this Section.

12.6 Master Franchisee agrees to permit Franchisor to photograph the Franchised Outlets (including all plant and equipment thereon) and to use such photographs in Franchisor's publicity, promotions, and advertising in accordance with the terms of this Agreement and the Store Franchise Agreements.

12.7 Franchisor operates Franchisor's Website or such other internet address as may be notified in writing to Master Franchisee by Franchisor.

12.8 Master Franchisee is permitted, and may be required, to register and operate Master Franchisee's Website in accordance with Franchisor's requirements, if requested by Franchisor.

12.9 Master Franchisee agrees not to register, or cause to be registered, internet domain names that consist of or include any names or trademarks that are now registered by or may hereafter be registered by Franchisor ("**Related Domain Names**"), including www.gelatissimo.com, unless Franchisor gives written approval. For this purpose, the use by Master Franchisee of Master Franchisee's Website under this Agreement is deemed approved by Franchisor. Further, Master Franchisee acknowledges and agrees that any Related Domain Names (including that at Section 12.7) registered by Master Franchisee are to be held on behalf of Franchisor and may not be transferred to any third-party without Franchisor's prior written approval.

12.10 Franchisor may incorporate hyperlinks to Master Franchisee's Website on Franchisor's Website.

12.11 Master Franchisee may incorporate hyperlinks to Franchisor's Website on Master Franchisee's Website, provided:

(a) Master Franchisee only provides hyperlinks to the home page on Franchisor's Website;

(b) the Master Franchisee adheres to all reasonable requirements with respect to the use of any hyperlinks to Franchisor's Website as Franchisor may direct in writing from time to time, including the appearance, text or position of such hyperlinks, or notices and pop-up windows displayed when using such hyperlinks, to ensure compliance with this Agreement;

(c) Master Franchisee does not represent that it is the owner of the Intellectual Property or that it is Franchisor, or in any other way misrepresent its relationship with Franchisor; and

(d) Master Franchisee does not create a browser or border around content on Franchisor's Website.

12.12 Master Franchisee shall, prior to making substantial amendments or additions to Master Franchisee's Website, provide Franchisor with a final copy of all additions / amendments to Master Franchisee's Website for approval by Franchisor, which approval shall be issued in writing and shall not be unreasonably withheld or delayed.

12.13 Social Media Activities. As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, LinkedIn, Instagram, and Twitter), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Angie's List), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Master Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Confidential Operations Manual. Any use of Social Media by Franchisee pertaining to the Business must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Business on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Business that does not comply with this Agreement or the Manual.

12.14 Master Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and cyber-attacks by hackers and other unauthorized intruders, and Master Franchisee waives any and all claims Master Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures, or attacks.

12.15 Master Franchisee agrees to take all reasonable and prudent steps necessary to ensure that its, the Store Subfranchisees and its customers' data is protected at all times from unauthorized access or use by a third party or misuse, damage or destruction by any person.

12.16 Master Franchisee must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish. Master Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Store.

12.17 Master Franchisee hereby indemnifies Franchisor against all claims, actions or suits made against Franchisor arising from information on, or conduct carried out through, Master Franchisee's Website which do not relate to the Intellectual Property or any materials or information supplied by Franchisor.

13. Compliance with Laws

13.1 Master Franchisee agrees to comply with all federal, state and local laws, rules, and regulations and shall as soon as practicable, but in any event prior to the opening of the first Franchised Outlet to be established in the Territory, obtain all municipal and state permits, certificates or licenses necessary to operate the Franchised Outlet(s) and shall file and publish, if required by applicable law, a certificate of doing business (whether under a fictitious name or otherwise). Master Franchisee shall make all such permits, licenses and certificates available for inspection by representatives of Franchisor at all times during Master Franchisee's business hours. Master Franchisee shall operate and maintain the Franchised Outlet(s) in strict compliance with all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. Master Franchisee agrees to provide Franchisor immediately with a copy of any notice received by Master Franchisee from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the Franchised Outlet(s). Master Franchisee must at all times be current in its knowledge and understanding of all laws as they relate to the operation of the Business.

13.2 Master Franchisee hereby certifies and represents that Master Franchisee, and any of its affiliates, any of its partners, members, shareholders or other equity owners, and their respective employees, officers, directors representatives or agents, are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control.

13.3 Master Franchisee hereby agrees to defend, indemnify and hold harmless Franchisor from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs, and interest on such fees, costs and expenses) arising from or related to any breach of the certifications set forth in Sections 13.1 and 13.2, above.

13.4 Master Franchisee shall manage the Business and its staff in compliance with all laws, the Confidential Operations Manual and any other written or oral communication to Master Franchisee as prescribed by Franchisor. Master Franchisee agrees to abide by all employment laws, including, without limitation, Title VII of the Civil Rights Act, Family and Medical Leave Act, Americans with Disabilities Act, Consolidated Omnibus Budget Reconciliation Act, Fair Labor Standards Act, all state wage and hour laws, Internal Revenue Code and the immigration laws. Franchisor may from time to time provide information or training to assist Master Franchisee in gaining knowledge about applicable laws, but this does not in any way relieve Master Franchisee of its full responsibility and sole obligation to comply with such laws.

13.5 Master Franchisee shall honor all credit, charge, courtesy and cash cards that Franchisor approves in writing. To the extent Master Franchisee stores, processes, transmits or otherwise accesses or possesses cardholder data in connection with the sale of products and services at the Franchised Outlets, Master Franchisee is required to maintain the security of cardholder data and adhere to the then-current credit card security standards which can be found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term of this Agreement. Master Franchisee is responsible for the security of cardholder data in its possession or control and the possession or control of any of its employees that Master Franchisee engages to process credit cards. At Franchisor's request, Master Franchisee agrees to provide appropriate documentation to Franchisor to demonstrate compliance by Master Franchisee and all its employees with the "Payment Card Industry Data Security Standard" ("PCI DSS") requirements. In the event of a breach or intrusion of or otherwise unauthorized access to cardholder data, Master Franchisee must immediately notify Franchisor in the manner required in the PCI DSS requirements and provide an approved third party full access to conduct a thorough security review following a security intrusion. In the event of termination or expiration of this Agreement, Master Franchisee and its respective successors and permitted assigns shall ensure compliance with PCI DSS requirements even after expiration of this Agreement.

14. Insurance

14.1 The Master Franchisee will take out and maintain during the Term such insurance coverages as reasonably required by Franchisor and as specifically set forth in the Confidential Operations Manual in respect to commercial general liability insurance, including, but not limited to owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause, personal and advertising injury, and products/completed operations, medical payments and fire damage liability; worker's compensation and employer's liability; "All Risk" or special property coverage; business interruption insurance; automobile liability insurance; cyber liability insurance; and any other insurance required under a lease or license or under the law of the Territory.

14.2 All policies shall name Franchisor as an additional insured party (or, where not possible, note the interests of Franchisor).

14.3 The Master Franchisee must, at the reasonable written request of Franchisor, provide Franchisor with copies of:

(a) a Certificate of Insurance relating to each insurance policy; and

(b) all documents relating to the application for or renewal of (as is applicable) of each such insurance policy.

15. Retention of Title

15.1 The ownership in the Goods will not pass to Master Franchisee but will remain with Franchisor until Master Franchisee has paid Franchisor:

(a) any monies due for the Goods in full; and

(b) all other reasonably undisputed amounts owed by Master Franchisee to Franchisor.

15.2 Until the monies due for the Goods have been paid for in full and all other reasonably undisputed amounts owing by the Master Franchisee to the Franchisor in respect to the Goods have been paid, Master Franchisee:

(a) will hold the Goods as Franchisor's bailee;

(b) will hold the proceeds from the sale of any Goods in trust for Franchisor;

(c) must ensure that the Goods, prior to full payment, are stored separately or otherwise maintained so as to be clearly identifiable as belonging to Franchisor;

(d) must allow representatives of Franchisor to enter any premises where the Goods are stored during usual business hours and on reasonable notice and inspect the Goods; and

(e) must comply with all reasonable directions given by Franchisor in writing to ensure compliance with this Section 15.

15.3 If:

(a) Master Franchisee fails to pay for the Goods in accordance with this Agreement; and

(b) Master Franchisee terminates this Agreement in accordance with Section 17;

then Franchisor or its agents will be entitled to:

(c) enter, upon reasonable notice and during usual business hours, into any premises where the Goods are stored and take possession of any Goods to the value of the undisputed amount owing to Franchisor;

(d) re-sell the seized Goods to a third-party;

(e) be paid by Master Franchisee for direct actual costs or expenses which Franchisor may have reasonably suffered or incurred in taking possession of the unpaid Goods and arranging for their sale to a third-party.

15.4 Franchisor's rights under this Section in no way limit any other rights Franchisor may have against Master Franchisee under this Agreement.

16. Transferability of interest

16.1 **Transfer by Franchisor**

(a) Master Franchisee agrees and acknowledges that Franchisor may transfer, assign or sub-contract all or any part of its rights, title, interests, obligations or liabilities under this Agreement by assignment, novation or sub-contracting of this Agreement provided it provides written notification to Master Franchisee.

(b) Subject to receiving written notification under Section 16.1(a) the Master Franchisee consents to the Franchisor at any time assigning its rights, title, interests, obligations or liabilities under this Agreement.

(c) In the event that Franchisor at any time chooses to assign all or part of its rights, title, interests, obligations, or liabilities under this Agreement, Master Franchisee will at the cost of Franchisor execute any reasonably necessary deed, agreement or other document acknowledging and agreeing to the said assignment on the same terms of this Agreement or as may otherwise be agreed by Master Franchisee with Franchisor's assignee.

(d) In the event that Franchisor at any time chooses to transfer all or part of its rights, title, interests, obligations, or liabilities under this Agreement by novation to a third party ("**the Third Party**"), Master Franchisee will at the cost of Franchisor execute any reasonably necessary deed or agreement of novation (as prepared by Franchisor), pursuant to which document Franchisor will be replaced by the Third Party as the party to this Agreement, and the Third Party shall become the party responsible for the rights, interests, obligations and liabilities of Franchisor under this Agreement

16.2 **Transfer by Master Franchisee**

(a) Master Franchisee acknowledges and agrees that the rights and duties set forth in this Agreement are personal to Master Franchisee and that Franchisor has granted this license in reliance on Master Franchisee's business skill and financial capacity.

(b) Accordingly, notwithstanding Master Franchisee's right to allow a Store Subfranchisee to establish and operate Franchised Outlets in accordance with the terms set out in this Agreement, neither Master Franchisee, any immediate or remote successor to any part of Master Franchisee's interest in this Agreement, nor any owner of any interest in Master Franchisee or its successor shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in this Agreement, or any shares in Master Franchisee which changes the effective control of Master Franchisee from that existing as at the date of this Agreement, unless Master Franchisee obtains the prior written consent of Franchisor, such consent not to be unreasonably withheld or delayed, and the conditions set out in Section 16.2(c) below are complied with. Any purported assignment or transfer which requires Franchisor's consent without the prior written consent of Franchisor shall be null and void, and shall constitute a material breach of this Agreement, in respect of which Franchisor may elect to terminate this Agreement on immediate notice without providing Master Franchisee the opportunity to remedy that breach pursuant to Section 17.2 of this Agreement.

(c) Prior to the time of transfer of any interest which requires the Franchisor's consent under Section 16.2(a) Franchisor requires that:

(i) all Master Franchisee's and any Store Subfranchisee's monetary obligations to the Franchisor up to the time of transfer and all other outstanding obligations related to this Agreement and any Store Franchise Agreement shall have been satisfied;

(ii) Master Franchisee must execute a general release in the form and substance satisfactory to Franchisor, releasing any and all claims against Franchisor and its affiliates, officers, directors, employees and agents;

(iii) if permitted by the Applicable Law, Master Franchisee shall agree to remain obligated under the covenants contained in Section 19.3 in respect to the non-competition provisions thereunder as if this Agreement had been terminated on the date of transfer;

(iv) the transferee shall demonstrate to the Franchisor's reasonable satisfaction that it meets Franchisor's managerial and business standards; possesses good moral character, business reputation, and credit ratings; has the aptitude and ability to conduct the Franchise Operation and Business (as may be evidenced by prior related business experience or otherwise), has relevant retail and franchising experience and has adequate financial resources and capital to operate the Business;

(v) the transferee shall at Franchisor’s direction either:

(A) execute (and/or, upon Franchisor's request, cause all interested parties to execute) then-current version of Franchisors’ Master Franchise Agreement and other ancillary agreements in relation to the Agreement, as the case may be, as Franchisor may reasonably require in respect of the Franchised Outlets for a term ending on the date of expiration of then-current version of this Agreement; or

(B) enter into a written assignment, under seal, and in a form reasonably satisfactory to Franchisor, assuming and agreeing to discharge all of Master Franchisee's obligations under this Agreement;

(vi) any security provided to the Franchisor under this Agreement be continued or the transferee provide to Franchisor such securities as are satisfactory to Franchisor, but in any event no less than the value of the then current securities which Master Franchisee has provided under this Agreement;

(vii) at transferee's expense and upon such other terms and conditions as Franchisor may reasonably require, transferee or transferee's manager shall complete the training course then in effect for franchisees; and

(viii) the transferee shall pay Franchisor a “Transfer Fee” in the amount of USD $15,000 to cover Franchisor's administrative and other expenses in connection with the transfer. This fee is payable on the date of the transfer and is non- refundable in whole or in part.

16.3 **Franchisor's Right of First Refusal**

(a) Master Franchisee shall cause any party holding any interest in Master Franchisee or this Agreement and who desires to accept any written bona fide offer to purchase his or its interest in the Business or in Master Franchisee from a third party, to notify Franchisor in writing of each such offer and provide with such notice a copy of the details of the third-party offer signed by the offeree.

(b) Franchisor shall have the right and option, exercisable within fourteen (14) days after receipt of such written notification described in Subsection 16.3(a) above, to send written notice to the seller that Franchisor or its nominee intends to purchase seller's interest on-the same terms and conditions offered by the third party. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by

Franchisor or its nominee as in the case of an initial offer. Failure of Franchisor to exercise the options afforded by this Section 16.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.

16.4 Either Party's consent to a transfer of any interest in the license granted herein shall not constitute a waiver of any vested claims it may have against the transferring party, nor shall it be deemed a waiver of that Party's right to demand exact compliance with any of the terms of this Agreement by the transferee.

16.5 **Death or Disability of Master Franchisee**

In the event of the death or disability of Master Franchisee, if an individual, or of a stockholder of a corporate Master Franchisee, or of a partner of a Master Franchisee which is a partnership, or a member of a Master Franchisee which is a limited liability company, the transfer of Master Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, must occur within six (6) months of the death or disability, but, shall not be deemed a transfer by Master Franchisee (provided that the responsible management employees or agents of Master Franchisee have been satisfactorily trained at Franchisor's Initial Training) nor obligate Master Franchisee to pay any transfer fee. If Franchisor determines (i) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the Master Franchisee Business, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and commence operating the Master Franchisee Business on behalf of Master Franchisee. Master Franchisee shall be obligated to and shall pay to Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses of the Franchisor appointed manager. Operation of the Master Franchisee Business during any such period shall be for and on behalf of Master Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Master Franchisee or its owners for any debts, loses or obligations incurred by the Master Franchisee Business, or to any creditor of Master Franchisee for any supplies, inventory, equipment, furniture, fixtures or services purchased by the Master Franchisee Business during any period in which it is managed by a Franchisor appointed manager. Franchisor may, in its sole discretion, extend the six (6) month period of time for completing a transfer contemplated by this Section.

17. Default and Termination

17.1 For purposes of this Section, the term "**Master Franchisee**" shall include any person executing this Agreement as a guarantor of the performance of Master Franchisee and any Store Subfranchisee hereunder, and the term "**Franchisor**" shall include any personnel, representative or agent of Franchisor duly authorised in witting by Franchisor.

17.2 Master Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, effective immediately upon service by Franchisor and receipt by Master Franchisee of a written notice of termination issued by Franchisor for default by Master Franchisee (for the avoidance of doubt such notice is to be sent to Master Franchisee's registered office, its principal place of business and any other address notified in writing by Master Franchisee to Franchisor), upon the occurrence of any of the following events:

(a) if Master Franchisee or any of its directors or Key Persons is convicted of a felony or pleads guilty to a crime, where such crime involves moral turpitude, and seriously impacts on the Gelatissimo image or prevents Master Franchisee from continuing to conduct the franchise business subject of this Agreement;

(b) if Master Franchisee or any of its directors or Key Persons makes or has made any false material statement or misrepresentation to Franchisor in connection with this Agreement, or its dealings with Franchisor in relation thereto;

(c) if Master Franchisee, purchases any gelato, granita, ice-cream or other competing products to the Finished Products, supplied by any person other than Franchisor, to sell in the Territory, without the prior written permission of Franchisor;

(d) if Master Franchisee transfers any interest in this Agreement, or sells, assigns, transfers, conveys, gives away, pledges, mortgages, or otherwise encumbers any interest in this Agreement, or any majority shareholding in Master Franchisee or its successor to a party without first obtaining Franchisor's written consent and contrary to the terms of Section 16 of this Agreement;

(e) if any Insolvency Event occurs under the Applicable Law involving Master Franchisee; or

(f) if Master Franchisee fails to open the number of Franchised Outlets as required under Section 6.1(a). It is agreed that if Franchisor terminates the Agreement under this Section 17.2(f), termination will be the only remedy against Master Franchisee in respect of the failure to meet the Minimum Franchised Outlets Requirement prescribed under Section 6.1(a) for the relevant period;

17.3 Except as provided in Section 17.2 of this Agreement, Master Franchisee shall have thirty (30) Business Days after its receipt from Franchisor of a written notice of default within which to remedy any default hereunder. If any such default is not remedied within that time, or such longer period as the Applicable Law may require or as Franchisor may allow in writing, Franchisor, subject to Section 17.4, will have a right to terminate this Agreement without further notice to Master Franchisee effective immediately upon the expiration of such period of thirty (30) Business Days or such longer period as the Applicable Law may require or as Franchisor has allowed. Master Franchisee shall be in default under this Agreement for any failure substantially to comply with any of the material requirements imposed by this Agreement. Such defaults shall include, for example, without limitation, the occurrence of any of the following events and subject to Section 29:

(a) if Master Franchisee (or any other person required to provide such covenants) materially fails to comply with the covenants in Section 19 contrary to the terms set out in this Agreement;

(b) if Master Franchisee discloses or divulges the contents of the Confidential Operations Manual or other trade secret or Franchisor Confidential Information provided to Master Franchisee by the Franchisor contrary to Sections 9 and 10 and the terms set out in this Agreement;

(c) if any Products are used or sold otherwise than in material accordance with the terms set out in this Agreement and the Terms of Supply set out in Schedule 1 to this Agreement;

(d) if Master Franchisee is in default under any other Related Agreement and Franchisor is entitled and elects to terminate such other Related Agreement if Master Franchisee fails, refuses, or neglects promptly to pay any reasonably undisputed monies owing to Franchisor when due, or to submit the financial information required by Franchisor under this Agreement or makes any false statements in connection therewith. In the event of default in the payment of any monies found by any Government Agency to be due from Master Franchisee to Franchisor, Master Franchisee agrees to pay a reasonable attorneys' fees incurred by Franchisor in the collection of such amounts;

(e) if Master Franchisee fails to maintain any standard or perform any obligation required of Master Franchisee in this Agreement and in the Confidential Operations Manual;

(f) if Master Franchisee, by act or omission, suffers a continued violation, in connection with the operation of any of the Franchised Outlets, of any relevant Applicable Law, in the absence of a good faith dispute over its application or legality, and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom;

(g) if Master Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement or any other approval or consent required by law for Master Franchisee to establish, operate advertise and promote the Franchised Outlets, and otherwise discharge its obligations under this Agreement or any Related Agreement;

(h) if Master Franchisee misuses or makes any unauthorised use of the Proprietary Marks, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

(i) if Master Franchisee fails, refuses, or neglects to submit to Franchisor the financial or other information relating to the Business and operation of the Franchised Outlets, or any Products required for testing (onsite or offsite), as required under this Agreement in accordance with this Agreement;

(j) if Master Franchisee fails to give notice to Franchisor within a timeframe specified under this Agreement.

17.4 If Master Franchisee fails to open the number of Franchised Outlets as required under Section 6.1(a) and in accordance with Schedule 2, Item 8(a), unless otherwise agreed by the parties, Franchisor may in its absolute discretion determine to either invoke its rights under Section 17.2 or withdraw from Master Franchisee the rights to continue establishing and operating further Franchised Outlets and is at liberty to grant similar master franchise rights in the Territory to a third party.

17.5 Franchisor shall be in default and Master Franchisee may, at its option, extrajudicially terminate this Agreement and all rights granted hereunder, effective immediately upon service by the Master Franchisee and receipt by Franchisor of a written notice of termination issued by Master Franchisee for default by Franchisor (for the avoidance of doubt such notice is to be sent to Franchisor's registered office, its principal place of business and any other address notified in writing by Franchisor to Master Franchisee) upon the occurrence of any of the following events:

(a) subject to Section 29, the Franchisor fails to supply the Master Franchisee with Goods, Products or Franchisor Services in accordance with this Agreement or as otherwise agreed in writing between the Parties, and:

(i) Master Franchisee is not the cause of such default;

(ii) Master Franchisee has served on Franchisor a written notice setting out the alleged breach, which written notice must be prepared in good faith and reasonably; and

(iii) Franchisor has not, within thirty (30) days of receipt of the written notice referred to in Subsection 17.5(a)(ii), supplied Master Franchisee with the Goods, Products or Franchisor Services the subject of the written notice;

(b) Franchisor during the Term, in contravention of this Agreement:

(i) grants rights exclusively bestowed upon Master Franchisee under this Agreement to any other person, including but not limited to any grant of the right to sell any Product, to establish and operate Franchised Outlets, to use any Proprietary Marks or Intellectual Property, or to use the Gelatissimo System within the Territory; or

(ii) licenses or otherwise grants persons to establish and operate Franchised Outlets in the Territory or use the Gelatissimo System at any time prior to the termination of this Agreement; subject to Master Franchisee meeting the Minimum Franchised Outlets Requirement and payment of the Store Royalty Fees and Marketing Fund Fees;

(c) Franchisor, during the Term, directly transacts with Store Subfranchisee(s) for the sale of Products in circumstances where:

(i) this Agreement has not been terminated by Franchisor for breach by Master Franchisee;

(ii) Franchisor has not sought the prior written consent of Master Franchisee to transact with the Store Subfranchisee(s); and

(iii) Master Franchisee has served on Franchisor a written notice setting out details of Franchisor's alleged transaction(s) with the Store Subfranchisee(s) and requiring Franchisor to cease and desist from transacting with the Store Subfranchisee(s) and Franchisor fails to cease and desist from transacting with the Store Subfranchisee(s) as required by the said notice; or

(d) Franchisor or any of its directors or Key Persons is convicted of a felony or pleads guilty to a crime, where such crime involves moral turpitude, and seriously impacts or prevents Master Franchisee from continuing to conduct the business subject of this Agreement;

(e) Franchisor or any of its directors or Key Persons makes or has made any false material statement or misrepresentation to Master Franchisee in connection with this Agreement, or its dealings with Master Franchisee in relation thereto;

(f) an Insolvency Event occurs under the Applicable Law involving Franchisor;

(g) Franchisor commits any other breach of this Agreement and fails to rectify such breach within 30 Business Days of being sent written notice of the breach by Master Franchisee.

17.6 Cross-Default. If there are now, or hereafter shall be, other Franchise Agreements or any other agreements in effect between Franchisee and Franchisor and/or any of Franchisor's affiliates, a default by Franchisee under the terms and conditions of this or any other such agreement, shall at the option of Franchisor, constitute a default under all such agreements.

17.7 State Laws. Notwithstanding anything to the contrary in this Section 17, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected shall be amended only to the extent necessary to bring it within the requirements of the law or regulation.

18. Obligations Upon Termination

18.1 Upon the termination or expiry of this Agreement all rights granted hereunder shall forthwith terminate, and:

(a) Master Franchisee shall cease to operate each Franchised Outlet as soon as possible, or in any event within ninety (90) Business Days from the termination date, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as the current Master Franchisee of Franchisor;

(b) subject to the temporary right to operate conferred by Section 18.1 (a), at the election of Franchisor, Master Franchisee shall permanently cease to use, by advertising or in any manner whatsoever, and shall transfer to Franchisor: all rights of usage to, any equipment on loan by Franchisor to Master Franchisee under this Agreement or otherwise owned by Franchisor; any format, improvements, methods, procedures, and techniques associated with the Gelatissimo System; the name "Gelatissimo" and any Proprietary Marks and distinctive trade dress and devices associated with the Gelatissimo System which may have been designated by Franchisor for use by Master Franchisee under this Agreement. In particular, at the election of Franchisor, Master Franchisee shall cease to use and shall remove all signs, furniture, fixtures, equipment, advertising materials, stationery, forms and any other articles which display the Proprietary Marks or trade dress associated with the Gelatissimo System. Franchisor may after a seven (7) days written notice enter Master Franchisee's premises to take possession of all such articles displaying Proprietary Marks (provided it either owns such articles or has paid an amount for such articles as agreed with Master Franchisee or may require Master Franchisee to deliver such articles (which are so owned or paid for) to Franchisor at Franchisor's cost);

(c) the Franchisor must immediately arrange the deletion from the Franchisor's Website of all hyperlinks to Master Franchisee's Website;

(d) Master Franchisee must immediately undertake all action reasonably required by the Franchisor in relation to the Master Franchisee's Website including, but not limited to and at the option of Franchisor:

(i) suspending access to Master Franchisee's Website (either permanently or temporarily); and/or

(ii) promptly doing all reasonable things necessary or convenient to transfer the domain name relating to Master Franchisee's Website to Franchisor (at the cost of

Franchisor) or its nominee, including signing all reasonable documentation and providing all technical data; and/or

(iii) arrange the deletion from Master Franchisee's Website of all hyperlinks to Franchisor's Website;

(e) Master Franchisee must promptly do all reasonable things necessary or convenient to transfer all Related Domain Names to Franchisor (at the cost of Franchisor) or its nominee, including signing all reasonable documentation and providing all technical data;

(f) subject to the temporary right to operate conferred by Section 18.1(a), the Master Franchisee agrees, in the event it continues to operate or subsequently begins to operate any shop or other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks either in connection with such other business or the promotion thereof which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's exclusive right in and to the Proprietary Marks, and further agrees not to utilize any trade dress (including, without limitation, the Franchisor's distinctive color schemes) or designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition;

(g) Master Franchisee shall promptly pay all reasonably undisputed sums owing to Franchisor and its subsidiaries and affiliates at the time of termination due to expiry of the Term of this Agreement;

(h) subject to the temporary right to operate conferred by Section 18.1(a), Master Franchisee shall immediately turn over to Franchisor the Confidential Operations Manual (and all copies thereof) and any other manuals, records, files, instructions, correspondence, and any and all other materials relating to the operation of the Franchised Outlets belonging to Franchisor in Master Franchisee's possession and all copies thereof excepting only Master Franchisee's copy of this Agreement and of any correspondence between the Parties, and any other documents which Master Franchisee or its financial and legal advisers and any other agents reasonably need for compliance with any provision of Applicable Law or for purposes of dispute resolution or litigation arising from this Agreement or any Related Agreement;

(i) subject to the temporary right to operate conferred by Section 18.1(a), Master Franchisee shall immediately deliver to Franchisor the originals of all Store Franchise Agreements and of all leases and licenses of the Franchised Outlets and, at the election of Franchisor and subject to the terms of the relevant Store Franchise Agreement or as otherwise agreed between the Parties, the Master Franchisee shall upon request by Franchisor take all necessary steps and execute all necessary documentation to:

(i) terminate such of the Store Franchise Agreements as are specified by Franchisor; or

(ii) assign to Franchisor or its nominee such of the Store Franchise Agreements as are specified by Franchisor; and

(iii) assign to Franchisor or its nominee such of the leases and licenses requested by Franchisor to the extent allowed under the Applicable Law. Master Franchisee agrees to use its reasonable endeavors (at the cost of Franchisor) to procure any necessary consents from the landlord and will execute any necessary documents for the transfer of such leases as reasonably required from time to time by Franchisor or any government regulation; and

(iv) Upon the termination of this Agreement, if Franchisor elects not to have the Franchise Agreements transferred to it, Franchisor will use its best endeavors to secure another Master franchisee as soon as possible to assume the obligations of this Agreement (and any Franchise Agreements relating to it). Until a new Master franchisee is appointed in the Territory, Franchisor shall use its best endeavors to honor all the material obligations of Master Franchisee in any effective Franchise Agreement in place at the time of termination in order to ensure continuity of the operations of any subfranchisees. For the purposes of this Section, material obligations include providing subfranchisees with access to essential products at the then current local pricing and access to intellectual property that the subfranchisee would otherwise have enjoyed if the termination had not occurred.

(j) to exercise the rights under Subsection 18.1(i), Franchisor must give to Master Franchisee a written notice within thirty (30) Business Days after receipt of all of the Store Franchise Agreements, leases and licenses, specifying which of the Store Franchise Agreements, leases and licenses are to be assigned or terminated. Master Franchisee acknowledges and agrees that in the event that any licenses and/or leases are not capable of assignment under the Applicable Law or otherwise, Master Franchisee must take steps at Franchisor's cost, on a reasonable endeavors basis, to have any leases and licenses novated in Franchisor's name;

(k) subject to the temporary right to operate conferred by Section 18.1(a), the Master Franchisee shall comply with the covenants contained in Section 19 of this Agreement in respect to the non-competition provisions thereunder; and

(l) except as otherwise set out in this Agreement, Franchisor is not obligated under this Agreement to reimburse Master Franchisee in respect of any goodwill Master Franchisee may have established either prior to, or during the operation, of the Franchised Outlets.

18.2 Upon the termination of this Agreement for material default by Master Franchisee, this Agreement and all rights granted hereunder to Master Franchisee shall forthwith terminate as set out above and, in addition, and by way of an amendment to the obligations under Section 18.1:

(a) the Franchisor may enter the Master Franchisee's premises on reasonable notice during normal business hours to take possession of all articles owned by it displaying Proprietary Marks or may require Master Franchisee to destroy or deliver such items to Franchisor without need of reimbursement of the cost thereof to Master Franchisee; and

(b) Franchisor shall have no obligation to reimburse any third-party fees paid by Master Franchisee to transfer all Related Domain Names to Franchisor or its nominee.

19. Covenants

19.1 Master Franchisee covenants that during the Term, except as otherwise approved in writing by Franchisor, Master Franchisee shall (or shall require its designated managers) to devote reasonable time, energy, and efforts, to the management and operation of the Franchised Outlets.

19.2 Master Franchisee acknowledges that, in the course of conducting the Business, it will:

(a) have a high level of access to Confidential Information;

(b) gain knowledge of the Business well beyond that in general circulation; and

(c) as a result of each of the foregoing, have the ability to cause significant damage to Franchisor and the Business,

(collectively referred to in this Section as the **Circumstances**).

19.3 To protect Franchisor's interests in light of the Circumstances, Master Franchisee agrees that it shall not, either directly or indirectly, or through, on behalf of, or in conjunction with any person, persons, partnerships or corporation:

(a) during the Term:

(i) divert or attempt to divert any business or customer of the Franchised Outlets to any competitor or any other gelato or ice-cream retailer by direct or indirect inducement or otherwise, or

(ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the Gelatissimo System; or

(b) during the Term and in the Restraint Period have any Involvement in or with any Competitive Business in the Restraint Area; or

(c) during the Term and the Restraint Period directly or indirectly assist any person to, or procure that any person, do any of the acts or anything else contemplated by paragraphs (a) and (b) above;

(each a **Restraint**).

19.4 Section 19.3 has the effect as comprising each of the separate provisions which results from each combination of:

(a) each Restraint Area;

(b) each Restraint Period; and

(c) each Restraint.

Each of these separate provisions operates concurrently and independently. If any separate provision referred to in this Section 19 is unenforceable, illegal or void, that provision is severed and the other provisions remain in force in the Territory.

19.5 Nothing in this Section 19 precludes Master Franchisee from:

(a) owning less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933, the Securities Exchange Act of 1934 and similar exchanges in any country;

(b) being Involved in a part of the business of any entity that in no way competes with the Business; or

(c) continuing to have any interest which Master Franchisee had at the time of entering into the Master Franchise Agreement and which interest Master Franchisee had previously brought to the attention of Franchisor in writing.

19.6 In light of:

(a) the Circumstances; and

(b) the fact that consideration for this Section 19 includes the benefits it will receive pursuant to the Master Franchise Agreement,

Master Franchisee acknowledges that:

(i) each of the separate provisions in this Section 19 is a fair and reasonable restraint of trade; and

(ii) in relation to this Agreement and particularly with regard to the consequences of this Section 19, it has received legal advice or has had the opportunity of obtaining legal advice.

19.7 This Section 19 continues to apply after the termination of this Agreement.

19.8 In this Section the following definitions apply:

"**Involvement**" or "**Involved**" means to be engaged, interested or otherwise involved in, and includes any direct involvement, in any capacity, or by any means (such as an employee, consultant, adviser, lender, shareholder, beneficiary or otherwise) either through Master Franchisee itself or any related, associated or affiliated entity (or any entity which he controls).

"**Restraint Area**" means:

(a) the Territory; and

(b) the state or territory in which the Franchised Outlets are located;

"**Restraint Period**" means the following period immediately following the termination of the Franchise Agreement (howsoever occurring):

(a) 2 years;

"**Competitive Business**" means any business which competes with, or is of a similar nature to the Business defined in the Franchise Agreement.

19.9 Franchisor shall have the right to require all Key Persons of Master Franchisee to execute similar covenants in a form satisfactory to Franchisor. In such event Master Franchisee must ensure that all requisite documentation is properly entered into by the relevant parties.

20. Taxes and Indebtedness

20.1 Master Franchisee shall promptly pay when due all tax levied or assessed by any relevant Government Agency with taxing authority under the Applicable Law, and any and all indebtedness incurred by Master Franchisee in the discharge of its obligations under this Agreement.

20.2 In the event that any amounts payable by Master Franchisee to Franchisor are subject to withholding or other taxes that Master Franchisee is required to deduct from such payments, Master Franchisee must promptly deliver to Franchisor at the time of payment all receipts of applicable governmental authorities for all such taxes withheld or paid.

20.3 Master Franchisee agrees to fully and promptly cooperate with and assist Franchisor to provide such information and records as Franchisor may request in connection with any application by Franchisor to any taxing authority with respect to tax credits, exemptions or refunds available for any withholding or other taxes paid by Master Franchisee.

20.4 In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, Master Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the relevant Government Agency under the Applicable Law.

20.5 Master Franchisee shall notify Franchisor in writing within fourteen (14) Business Days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other Government Agency, which may adversely affect the operation of the Business.

21. Management of Claims Made Under Indemnities

21.1 Where any indemnity is given by either Party to this Agreement under this Agreement that indemnity is given on the basis:

(a) the indemnified Party notifies in writing the indemnifying Party of any claim or potential claim under the indemnity;

(b) the indemnifying Party is entitled to handle (including defend or settle) any such claim;

(c) the indemnified Party does not take any action that might adversely affect the defense of any such claim and gives the indemnifying Party all reasonably necessary information, assistance and necessary authorisations available.

22. Independent Contractor and Indemnification

22.1 It is understood and agreed by the Parties that this Agreement does not create a fiduciary relationship between them, that the Parties shall be independent contractors, and that nothing in this Agreement is intended to constitute either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other Party for any purpose whatsoever.

22.2 During the Term, Master Franchisee shall hold itself out to the public as an independent contractor operating the Business and the Franchised Operations pursuant to rights granted by Franchisor under this Agreement. The Master Franchisee agrees to take such affirmative actions as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Franchised Outlets.

22.3 Nothing in this Agreement authorizes either Party to make any contract, agreement, warranty, or representation on the other Party's behalf, or to incur any debt or other obligation in the other Party's name, and neither Party shall in any event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of the other Party in its performance of this Agreement or any claim or judgment arising therefrom against the other Party. Each Party hereby indemnifies, and will keep indemnified, the other Party against any and all claims howsoever arising, whether directly or indirectly, from, as a result of, or in connection with, such Party's performance of its obligations under this Agreement or any Related Agreement including, without limitation, all costs and expenses incurred by the other Party (including reasonable attorney's fees), in defending against any such claims.

23. Approvals and waivers

23.1 Whenever this Agreement requires the prior approval or consent of a Party, the other Party shall make a timely written request to such Party therefore, and such approval or consent shall be obtained in writing.

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

24. Notices

24.1 Any and all notices required or permitted under this Agreement shall be in writing, in English and shall be mailed by airmail or first-class postage (if sending notices within the same country), or sent by courier, facsimile or electronic mail to the respective Parties at the following addresses or any other address which is used by the recipient or any of its directors and notified in writing to the other Party:

Notices to Franchisor:

As specified in Schedule 2

Notices to Master Franchisee:

As specified in Schedule 2

Any notice by airmail or international courier shall be deemed to have been effected seven (7) Business Days after posting. Any notice by first class mail or national courier shall be deemed to have been effected two (2) Business Days after posting. Any notice by facsimile or electronic mail shall be deemed to have been given, at or before 5:00 pm on a Business Day, at the time recorded on the transmission report or transmittal record on the sender's email account, indicating successful transmission of the entire notice, or otherwise at 9.00 am on the next Business Day provided in the case of notices provided under Section 17 a copy is also sent within 2 Business Days by airmail or first class mail (as applicable).

25. Entire Agreement

25.1 This Agreement, the Schedules, Attachments and documents referred to herein, if any, constitute the entire, full, and complete Agreement between Franchisor and Master Franchisee concerning the subject matter hereof, and supersede all prior agreements, no other representation having induced Master Franchisee to execute this Agreement. No representations, inducements, promises, or agreements, oral or otherwise, not embodied herein or attached hereto (unless of subsequent date) were made by either Party, or none shall be of any force or effect with reference to this Agreement or otherwise. No amendment, change, or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by their authorised officers or agents in writing.

26. Severability and Construction

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

26.2 Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Master Franchisee and such of their respective successors and assigns as may be contemplated by Section 16 hereof, any rights or remedies under or by reason of this Agreement.

26.3 Each Party expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by Applicable Law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court of proper jurisdiction may hold to be unreasonable and unenforceable in a final decision to which the other Party is apart, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

27. Resolution of Disputes

27.1 Mediation and Mandatory Binding Arbitration. Master Franchisee and Franchisor believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. Master Franchisee and Franchisor have agreed that the provisions of this Section 27 support these mutual objectives and, therefore, agree as follows:

(a) Claim Process. Any Claim, as that term is defined in Section 1.1 of this Agreement, will be processed in the following manner:

(i) First, discussed in a face-to-face meeting held within thirty (30) days after either Master Franchisee or Franchisor gives written notice to the other proposing such a meeting.

(ii) Second, if not resolved, submitted to non-binding mediation. Master Franchisee and Franchisor will split the costs and each will bear their own expenses of any mediation. Any mediation/arbitration will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. If both Master Franchisee and Franchisor do not want to participate in mediation, then they may proceed to arbitration as provided below.

(iii) Third, submitted to and finally resolved by binding arbitration before a single arbitrator in Kent County, Delaware, and in accordance with the arbitration rules of the American Arbitration Association or its successor. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction. Any dispute arising out of or in connection with this arbitration provision, including any question regarding its existence, validity, scope, or termination shall be referred to and finally resolved by arbitration.

(b) Master Franchisee and Franchisor each expressly waives all rights to any court proceeding, except as expressly provided in Section 27.2, below.

(c) Franchisor and Master Franchisee agree that any arbitration between Franchisor and Master Franchisee shall be of Master Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated on a class-wide basis.

27.2 Disputes Not Subject to the Mediation/Arbitration Process. Claims or disputes relating primarily to (a) the validity of the Marks and/or Intellectual Property licensed to Master Franchisee, and (b) injunctive relief for health and safety issues and violations, may be subjected to court proceedings, at Franchisor's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or Intellectual Property licensed to Master Franchisee and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Claim Process outlined above.

27.3 Confidentiality. The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

27.4 Fees and Costs. The Parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the Parties, the arbitrator may assess all, or any portion, of the attorney fees and costs incurred in connection with any arbitration against the party who does not prevail.

27.5 Intentions of Franchisee and Franchisor. Franchisee and Franchisor mutually agree (and have expressly had a meeting of the minds) that, notwithstanding any contrary provisions of state, federal or other law, and/or any statements in Franchisor's Franchise Disclosure Document required by a state or the Federal government as a condition to registration or for some other purpose:

(a) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

(b) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring Claims;

(c) Franchisee and Franchisor intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(d) **Franchisee and Franchisor each knowingly waive all rights to a court trial** (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and

(e) the terms of this Agreement (including but not limited to this Section 16) shall control with respect to any matters of choice of law. Nothing in this or any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document it furnished to Franchisee.

27.6 No right or remedy conferred upon or reserved to Franchisor or Master Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein, or by the Applicable Law or equity provided or permitted, but each shall be cumulative for every other right or remedy.

27.7 Nothing herein contained shall bar either Party's right to obtain injunctive relief against threatened conduct that will cause it loss or damages.

28. Governing Law and Choice of Forum

28.1 Governing Law. This Agreement shall be governed by and interpreted and construed under the laws of the State of Delaware, which laws shall prevail in the event of any conflict of law; provided, however, that if any provision of this Agreement would not be enforceable under the laws of Delaware, then such provisions shall be interpreted and construed under the laws of the state in which the premises of the Business is located.

28.2 Choice of Forum.

(a) Master Franchisee acknowledges and agrees that this Agreement is entered into in Delaware, and that any action brought by either party against the other for the purpose of enforcing the terms and provisions of this Agreement (which is not to be arbitrated pursuant hereto or pursuant to law) shall be instituted solely in a state or federal court having subject matter jurisdiction thereof only in Delaware in the judicial district in Kent County and in no other court and that Master Franchisee irrevocably waives any objection Master Franchisee may have to the exclusive jurisdiction or the exclusive venue of such court.

(b) If Master Franchisee institutes any arbitration or other legal proceedings in any venue or other court other than those specified, Master Franchisee shall assume all of Franchisor's costs in connection therewith, including, without limitation, reasonable attorney fees regardless of the outcome of such arbitration or legal proceedings.

29. Force Majeure

29.1 If the performance of this Agreement or any obligation hereunder is prevented, restricted or interfered with by reason of any inability to supply stock or Products, fire, explosion, breakdown, strike, accident, epidemic, cyclone, flood, earthquake, drought or lack of raw materials, power or supplies, or war, insurrection, civil commotion, acts of God, blockade or embargo or any law, order, proclamation, decree or requirement of any government or any authority or representative thereof or any other acts whatsoever beyond the reasonable control of the parties hereto then:

(a) the party so affected, upon giving prompt notice to the other party, shall be excused from such performance to the extent of such prevention, restriction or interference; and

(b) the other party shall likewise be excused from performance of its obligations to the extent such obligations relate to the performance so prevented, restricted or interfered with PROVIDED THAT the party so affected must use its best efforts to avoid and to remove such causes of non-performance. The parties will resume performance of their respective obligations as soon as is practicably possible when such causes are removed.

Notwithstanding the above, in the event that the force majeure event continues for a period of seventy-five (75) days then either party may terminate this Agreement. In the event of termination in such circumstances then neither party will have the right to claim against the other party for any losses sustained as a result of the termination, except to the extent the losses are directly attributable to a party's misconduct or negligence.

30. Successors and assigns

30.1 This Agreement shall be binding upon and inure to the benefit of any successors to the Parties and any such successor shall be deemed substituted for the relevant Party under the terms of this Agreement. As used in this Agreement, the term "**successor**" shall include any person, firm, corporation or other business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all the assets of the business of the relevant Party. This Agreement shall also be binding upon and inure to the benefit of either party's heirs, executors and administrators; provided, however, that neither Party may assign its rights hereunder except as specifically set forth in this Agreement.

31. Acknowledgments

31.1 Master Franchisee acknowledges and agrees that it has conducted an independent investigation of the business licensed hereunder, and recognizes that the business venture contemplated by this agreement involves business risks, and that its success will be largely dependent upon the ability of Master Franchisee as an independent businessman. Franchisor expressly disclaims the making of, and Master Franchisee acknowledges and agrees that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this agreement.

31.2 Master Franchisee represents and acknowledges that it has received Franchisor's Franchise Disclosure Document at least fourteen (14) days prior to the date of execution of this Agreement, and that a copy of this Agreement with all blanks filled, including exhibits and addendum was received from Franchisor at least seven (7) days prior to the date on which this Agreement was executed. Master Franchisee represents it has read this Agreement, Franchisor's Franchise Disclosure Document, exhibits, addenda and other information Master Franchisee deems relevant in its entirety, and has been given the opportunity to clarify any provisions that Master Franchisee did not understand and to consult with an independent legal or other professional advisor.

31.3 Master Franchisee represents to Franchisor that all information set forth in any and all applications, financial statements and submissions to Franchisor by Master Franchisee are true, complete and accurate in all respects, and Master Franchisee expressly acknowledges that Franchisor is relying upon truthfulness, completeness and accuracy of such information.

31.4 Each Party acknowledges and agrees that it has received, read and understood this Agreement, the attachments hereto, if any; and that it has had ample time and opportunity to consult with legal, accounting and other advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective authorized representatives to be effective on the Commencement Date, as set forth in Item 5 of Schedule 2.

FRANCHISOR

Gelatissimo USA LLC
a Delaware limited liability company

By:______________________________

Print Name: ______________________

Title: ____________________________

MASTER FRANCHISEE

If Master Franchisee is an individual:

Signature: __________________________

Print Name: ________________________

Signature: __________________________

Print Name: ________________________

If Master Franchisee is a corporation or other entity:

____
[Name of Master Franchisee]

By: ______________________________

Print Name: ________________________

Title: ______________________________

Schedule 1 – Terms of Supply

1. Raw Products

Franchisor will pack ingredients as specific flavor kits (each yielding an average of 10 litres of Finished Product) and each flavor kit will then be placed into an outer carton (approximately 2 – 4 flavor kits per outer carton) ("Kits"). The initial price to be paid for the Kits in the Initial Fixed Price Period is as follows:

US $_______ per Kit

The above price is based on the average cost of the flavors listed in the core and premium range. Flavors listed in the Deluxe Range will attract a 20% surcharge on the above price. Thereafter, the price may be adjusted in accordance with Section 6.5 of the Master Franchise Agreement.

The supply of the Raw Product excludes water and milk (to be locally supplied by Master Franchisee).

2. Ancillary Items

2.1 The Ancillary Items listed as "branded products" as per the order form must be ordered directly from Franchisor in accordance with these terms and at the prices specified as per the order form provided that those Ancillary Items remain competitive (both in terms of quality and price) to locally available comparable ancillary items. If any of the Ancillary Items listed as per the order form become uncompetitive in comparison to locally available comparable ancillary items Master Franchisee shall be entitled to source the local alternative for which no payment shall be due to Franchisor.

2.2 The Ancillary Items listed as "branded products" as per the order form may be amended on the request of Master Franchisee subject to the approval of Franchisor, such approval not to be unreasonably withheld or delayed.

2.3 All other Ancillary Items may be ordered locally from approved suppliers. Where Master Franchisee wishes to source supply of branded Ancillary Items from alternative supplier's approval must be granted by Franchisor (such approval not to be unreasonably withheld or delayed) and samples may be requested where reasonable before such approval is given. Franchisor may require Master Franchisee to pre-pay any reasonable charges connected with Franchisor's review and evaluation of any proposal. These charges may include reimbursement for reasonable travel, accommodations and meal expenses, plus a fee for any of Franchisor's personnel engaged in evaluating a supplier at Master Franchisee's request. Franchisor will notify Master Franchisee in writing of its approval or disapproval within 90 days after a written request is made by Master Franchisee.

3. Payment

3.1 Master Franchisee shall pay Franchisor by the 15th of every month for last month royalties and Seven (7) business days prior to dispatch from the Port of Sydney, for all Raw Products and Ancillary Items supplied by it by means of:

(a) a deposit of funds into Franchisor's nominated bank account; or

(b) such other payment terms approved by Franchisor in writing in advance.

3.2 Should the payment terms in this Agreement not be adhered to, Franchisor reserves the right to halt supply of the Raw Products and Ancillary Items unless otherwise agreed by the Parties.

4. Pricing Structure

4.1 Master Franchisee must acquire all Raw Products and Ancillary items from Franchisor.

4.2 Franchisor will supply the Raw Products and Ancillary Items on a full container load (FCL) and ex-works basis.

4.3 Master Franchisee shall complete an approved order form thirty (30) days in advance of dispatch date.

4.4 In the event that Franchisor is unable to supply Master Franchisee's specific order requirements, Franchisor will advise Master Franchisee of a substitute product and/or flavor in advance of dispatch. For the avoidance of doubt, while Franchisor will consult with Master Franchisee and may change flavors based on local demand, Franchisor has the absolute right to determine the flavors of the Finished Products.

4.5 Franchisor reserves the right to remove or vary Product flavors at any time.

4.6 The Franchisor accepts no liability for any inability to supply the Raw Products or Ancillary Items due to the occurrence of a Force Majeure event (as defined in the Master Franchise Agreement).

4.7 Subject to Section 4.8 of this Schedule 1, all FCL orders submitted by Master Franchisee in accordance with Sections 4.2 and 4.3 must be for a minimum value as follows:

(a) Year 1 of Term – US $_________ each order;

(b) Year 2 of Term – US $_________ each order; and

(c) Year 3 and subsequent years (including each year of the Renewal Term) - US $_________ each order.

4.8 Franchisor will accept no more than two orders in every year of the Term that are below the applicable minimum value stated in Section 4.7 of this Schedule 1 for that year.

4.9 All shipping is to be arranged by Master Franchisee, unless otherwise agreed in writing with Franchisor.

Schedule 2

Franchisor	Name: Gelatissimo USA LLC, a Delaware limited liability company Address/Principal Office: Unit 6, Parklands Estate 9-11 South Street Rydalmere NSW 2116, Australia Attention: ________________________ Email: ___________________________ Address for Service of Notices: As above
Master Franchisee	Name: ________________________________ Entity Type (if applicable): _____________________________________ Address/Principal Office: _____________________________________ _____________________________________ _____________________________________ Attention: ____________________________ Email: _______________________________ Address for Service of Notices: as above
Territory	____
Guarantor(s)	___________________________
Commencement Date	___________________________
Term	10 years
Renewal Term	10 years
Initial Franchise Fee	$____________ payable on or prior to the Commencement Date. (Note: Any deposits paid to Franchisor by Master Franchisee pursuant to a letter of intent will be credited to the Initial Franchise Fee.)
Store Royalty Fee	$100 per week for each store open in the Territory. Due and payable on the 15th day of each month for the prior month.

Item 8		
(a) Minimum Franchised Outlets Requirement:		
	by 1st anniversary of the Commencement Date	___ Stores
	by 2nd anniversary of the Commencement Date	___ Stores
	by 3rd anniversary of the Commencement Date	___ Stores
	by 4th anniversary of the Commencement Date	___ Stores
	by 5th anniversary of the Commencement Date	___ Stores
	by 6th anniversary of the Commencement Date	___ Stores
	by 7th anniversary of the Commencement Date	___ Stores
	by 8th anniversary of the Commencement Date	___ Stores
	by 9th anniversary of the Commencement Date	___ Stores
	By 10th anniversary of the Commencement Date	___ Stores
(b) Minimum Purchase Requirement:		
	$30,000 per Store, per year.	
Item 9		
Products	Please refer to Attachment 2.	
Item 10		
Training	(a) Master Franchise Business – Franchisor will provide 2 weeks of training at its training facility in Australia or at an alternative location in the United States at Franchisor's sole discretion, to Master Franchisee. (b) Store Training - Franchisor (or its representative) will provide 10 days of training at the initial store, 5 days prior to the opening of the first Franchised Outlet and 5 days after the opening.	
Item 11		
Store Visits	Franchisor (or its representative) will visit Master Franchisee at the Franchised Outlets a minimum of once per year during the Term of the Agreement subject to any travel restrictions and where practicable.	
Item 12		
Exchange Rate	1 AUD (Australian Dollar) = ___ USD (United States Dollar)	

Schedule 3 - Proprietary Marks

Trademarks

Franchisor has registered or filed for registration the following Mark on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration No./ Serial No.	Registration Date/ Filing Date	Class
GELATISSIMO (word mark)	Reg. No. 3428486	Reg. Date: May 13, 2008 Renewed: May 18, 2019	35
Gelatissimo	Serial No. 88379410	Filing Date: April 10, 2019	35
Gelatissimo	Serial No. 88379377	Filing Date: April 10, 2019	30
Gelatissimo CAFE	Serial No. 88379464	Reg. Date: June 22, 2021	35
Gelatissimo CAFE	Serial No. 88379445	Filing Date: April 10, 2019	30

Schedule 4 – Personal Guaranty

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to ____________________________ ("**Franchisor**") to execute the Gelatissimo Master Franchise Agreement (the "**Master Franchise Agreement**"), of even date herewith, by and between Franchisor and _____________________________ ("**Master Franchisee**"), _________________________________ ("**Guarantor(s)**"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Master Franchisee of each obligation undertaken by Master Franchisee under the terms of the Master Franchise Agreement, including all of Master Franchisee's monetary obligations arising under or by virtue of the Master Franchise Agreement.

Upon demand by Franchisor, Guarantor(s) will immediately make each payment required of Master Franchisee under the Master Franchise Agreement. Guarantor(s) hereby waives any right to require Franchisor to: (a) proceed against Master Franchisee for any payment required under the Master Franchise Agreement; (b) proceed against or exhaust any security from Master Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Master Franchisee. Without affecting the obligations of Guarantor(s) under this Guarantee, Indemnification and Acknowledgment, Franchisor may, without notice to Guarantor(s), extend, modify, or release any indebtedness or obligation of Master Franchisee, or settle, adjust or compromise any claims against Master Franchisee.

Guarantor(s) waives notice of amendment of the Master Franchise Agreement and notice of demand for payment by Master Franchisee, and agrees to be bound by any and all such amendments and changes to the Master Franchise Agreement.

Guarantor(s) hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorney's fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Master Franchisee to perform any obligation of Master Franchisee under the Master Franchise Agreement, any amendment, or any other agreement executed by Master Franchisee referred to therein.

Guarantor(s) hereby acknowledges and agrees to be individually bound by all covenants contained in the Master Franchise Agreement and all terms and conditions of the Master Franchise Agreement requiring Master Franchisee not to disclose confidential information.

This Guarantee shall terminate upon the expiration or termination of the Master Franchise Agreement, except that all obligations and liabilities of Guarantor(s) that arise from events that occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants that by their terms continue in force after termination or expiration of the Master Franchise Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guarantee, but only for defaults and obligations existing at the time of death, and the obligations of the other Guarantor(s) will continue in full force and effect.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Master Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Master Franchise Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Master Franchise Agreement.

This Guarantee is to be performed in ***[Insert County and State of Franchisor's Headquarters]*** and shall be governed by and construed in accordance with the laws of the State of ***[Insert State of Franchisor's Headquarters]***. Guarantor(s) specifically agrees that the state and federal courts situated in ***[Insert County and State of Franchisor's Headquarters]*** shall have exclusive jurisdiction over Guarantor(s) and this Guarantee, and further agrees that any action relating to this Guarantee may be brought solely in ***[Insert State of Franchisor's Headquarters]*** in the judicial district in ***[Insert County of Franchisor's Headquarters]*** County. In connection therewith, each of the undersigned hereby appoints the Secretary of State for the State of ***[Insert State of Franchisor's Headquarters]*** as his agent for service of process to receive summons issued by the court in connection with any such litigation. Notwithstanding the foregoing, Franchisor and Guarantor(s) agree that any dispute under this Guarantee shall be resolved by arbitration pursuant to Article 27 of the Master Franchise Agreement (except as otherwise provided in Article 27 of the Master Franchise Agreement).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Master Franchise Agreement.

WITNESS:	**GUARANTOR**
____________________________	By: ______________________________
____________________________	Print Name: ______________________
	SS #: _____________________
	DOB: _____________________
	Driver's License No: _____________________

WITNESS:	**GUARANTOR**
____________________________	By: ______________________________
____________________________	Print Name: ______________________
	SS #: _____________________
	DOB: _____________________
	Driver's License No. _____________________

<u>Attachment 1</u>- Gelato Kit Flavors

As per the ordering form consisting of a variety of core, premium and deluxe flavors, the ordering form will have new flavors added and flavors removed from time to time to suit market demand.

Attachment 2 - Products

PART A

FINISHED PRODUCTS - Gelato, granita or ice-cream.

PART B

ANCILLARY ITEMS - As per the ordering form.

PART C

RAW PRODUCTS

'Gelato Kits'

PART D

ADDITIONAL PRODUCTS

Description
Coffee / Tea / Hot Chocolate
Cakes
Chocolates
Pastries (including biscuits)

<u>Attachment 3</u>– Equipment Suppliers

<u>Gelato Making Machine Approved Model</u>

Bravo – Trittico Mechanic 60

No alternative Equipment Suppliers are permitted without Franchisor's prior written approval, which may be withheld in its sole discretion.

Exhibit B
To Franchise Disclosure Document

LIST OF STATE AGENTS FOR SERVICE OF PROCESS
AND STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection and Innovation
One Sansome Street
Suite 600
San Francisco, CA 94104
Tel: (415) 972-8559
Fax: (415) 972-8590
Toll Free: (866) 275-2677

CONNECTICUT
Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103-1800
Tel: (860) 240-8230

FLORIDA
Tom Kenny, Regulatory Consultant
Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, Florida 32314
Tel: (850) 488-2221
Fax: (850) 410-3804

HAWAII
(for service of process)
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

(state agency)
Department of Commerce &
Consumer Affairs
King Kalakaua Building
335 Merchant Street, Rm 203
Honolulu, Hawaii 96813
Tel: (808)586-2722
Fax: (808) 587-7559

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

INDIANA
(for service of process)
Indiana Secretary of State
201 State House
Indianapolis, Indiana 46204

(state agency)
Securities Commissioner
Indiana Secretary of State
Securities Division, Franchise Section
302 West Washington Street,
Room E-111
Indianapolis, Indiana 46204
Tel: (317) 232-6681

IOWA
Dennis Britson
Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, Iowa 50319-0066
Tel: (515) 281-4441
Fax: (515) 281-3059
email: iowasec@iid.state.ia.us

MARYLAND
(for service of process)
Maryland Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

(state agency)
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
Tel: (410) 576-6360

MICHIGAN
(for service of process)
Michigan Department of Consumer and Industry Services
Bureau of Commercial Services
Corporations Division
PO Box 30054
Lansing, Michigan 48909
Tel: (517) 241-6470

(state agency)
Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Section
670 Law Building
Lansing, MI 48913
Tel: (517) 373-7117

MINNESOTA
Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
Tel: (651) 539-1600

NEBRASKA
Gene Schenkelberg, Securities Analyst
Department of Banking & Finance
1200 N. Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509
Tel: (402) 417-3445

NEW YORK
(Agent for Service of Process)
Secretary of State
99 Washington Avenue
Albany, NY 12231

(Administrator)
NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21St Floor
New York, NY 10005
Tel: (212) 416-8236

NORTH DAKOTA
(for service of process)
North Dakota Securities Commissioner
North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505-0510

(state agency)
North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505-0510
Tel: (701) 328-2910

OREGON
Director, Department of Consumer & Business Services
Division of Finance & Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
Tel: (503) 378-4140
Fax: (503) 947-7862
Email: dcbs.dfcsmail@state.or.us

RHODE ISLAND
Director
Securities Division
Department of Business Regulation,
Building 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue,
Cranston, Rhode Island 02920
Tel: (401) 462 9582

SOUTH DAKOTA
Director, Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
Tel: (605) 773-3563

(continued on next page)

TEXAS
Statutory Document Section
Secretary of State
1719 Brazos
Austin, Texas 78701
Attn: Dorothy Wilson
Tel: (512) 475-1769

UTAH
Director, Division of Consumer Protection
Utah Dept. of Commerce
160 East Three Hundred South
SM Box 146704
Salt Lake City, Utah 84114-6704
Tel: (801) 530-6601
Fax: (801) 530-6001

VIRGINIA
(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

(state agency)
Director
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Tel: (804) 371-9051

WASHINGTON
(for service of process)
Administrator
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

WASHINGTON
(state agency)
Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
Tel: (360) 902-8760
Fax: (360) 902-0524

WISCONSIN
Commissioner of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768
Tel: (608) 266-2801

Exhibit C
To Franchise Disclosure Document

FINANCIAL STATEMENTS

GELATISSIMO USA, LLC

FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

GELATISSIMO USA, LLC

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Member of
Gelatissimo USA, LLC

We have audited the accompanying financial statements of Gelatissimo USA, LLC (a Delaware company), which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gelatissimo USA, LLC as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Aprio, LLP

Birmingham, Alabama

December 9, 2021

GELATISSIMO USA, LLC
BALANCE SHEETS
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current assets		
Cash	$ 29,028	$ 171,717
Inventory, net	35,183	-
Prepaid expenses	25,000	28,125
Due from related parties	154,409	-
Total assets	$ 243,620	$ 199,842

LIABILITIES AND MEMBER'S EQUITY

	2021	2020
Current liabilities		
Accounts payable	$ 10,219	$ 42,087
Due to affiliates	65,220	-
Deferred revenue, current portion	25,829	60,385
Total current liabilities	101,268	102,472
Long-term liabilities		
Deferred revenue, net of current portion	8,595	34,423
Total long-term liabilities	8,595	34,423
Total liabilities	109,863	136,895
Member's equity	133,757	62,947
Total liabilities and member's equity	$ 243,620	$ 199,842

See independent auditors' report and notes to financial statement.

GELATISSIMO USA, LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Revenue		
Franchise fee revenue	$ 60,385	$ 30,192
Total revenue	60,385	30,192
Operating expenses		
Professional fees	42,717	61,729
Advertising	8,727	-
Technology	4,811	-
Other operating expenses	54,739	5,516
Total operating expenses	110,994	67,245
Loss from operations	(50,609)	(37,053)
Other income (expense)		
Unrealized foreign exchange gain	1,419	-
Total other income	1,419	-
Net loss	$ (49,190)	$ (37,053)

See independent auditors' report and notes to financial statement.

GELATISSIMO USA, LLC
STATEMENT OF MEMBER'S EQUITY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Member's equity, June 30, 2019	$ -
Net loss	(37,053)
Contributions	100,000
Member's equity, June 30, 2020	62,947
Net loss	(49,190)
Contributions	120,000
Member's equity, June 30, 2021	$ 133,757

See independent auditors' report and notes to financial statement.

GELATISSIMO USA, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Net loss	$ (49,190)	$ (37,053)
Change in operating assets and liabilities:		
Due from related parties	(154,409)	-
Prepaid expenses	3,125	(28,126)
Inventory	(35,183)	-
Accounts payable	(31,868)	42,088
Deferred revenue	(60,384)	94,808
Due to affiliates	65,220	-
Total adjustments	(213,499)	108,770
Cash provided (used) by operating activities	(262,689)	71,717
Cash flows from financing activities		
Capital contributions	120,000	100,000
Cash provided by financing activities	120,000	100,000
Net increase (decrease) in cash	(142,689)	171,717
Cash, beginning of the year	171,717	-
Cash, end of year	$ 29,028	$ 171,717

See independent auditors' report and notes to financial statement.

Note A
Summary of Significant Accounting Policies

Nature of Operations:

Gelatissimo USA, LLC, a limited-liability company, in November 2018, in the state of Delaware. The Company's principle purpose is to offer and sell Gelatissimo store franchises in the United States of America, specializing in the manufacture, preparation, display, and sale of gelato, gelato-based drinks, coffee, chocolates, biscuits, granita and other menu items.

Basis of Presentation:

The Company has prepared the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP").

The financial statements have been approved by management and are available for issuance on December 9, 2021, and subsequent events have been evaluated through this date.

Use of Estimates:

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

Cash:

For the purpose of the statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash.

Concentration of Credit Risk:

The Company maintains cash balances in certain financial institutions which, at times, may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any loss from these obligations.

Inventory:

Inventory is stated at the lower of cost or net realizable value and is valued using the first-in, first-out method. Provisions are made in each period for the estimated effect of obsolete and slow-moving inventories.

Note A
Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

Revenues are recorded when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation.

The Company's revenue from conventional franchised restaurants is allocated between the various performance obligations the Company has with its franchisees. These performance obligations include store setup assistance and training, individual franchise sales, royalties based on number of locations opened, and sale of supplies to franchisees. The Company had one franchisee as of June 30, 2021 and 2020.

Franchise fee revenue is based on the initial fee paid when a new franchisee is signed. The initial fee is allocated between the store setup assistance and training and individual franchise sales performance obligations. The portion allocated to store setup assistance and training is based on pre-opening costs incurred and services performed by the company in assisting and training the new franchisee. Revenue is recognized over time from the date the franchisee is signed to the date of the franchisee's first store opening. Franchise fee revenue related to store setup assistance and training was $59,239 and $29,619, for the years ended June 30, 2021 and 2020, respectively. The remainder of the initial franchise fee is allocated to individual franchise sales and is recognized evenly over the life of the agreement. Franchise fee revenue related to individual franchise sales was $1,146 and $573 for the years ended June 30, 2021 and 2020, respectively.

Royalties charged and recognized on a weekly basis based on the total number of franchised stores open. Royalty revenue was $- and $-, for the years ended June 30, 2021 and 2020, respectively.

Supply revenue is recognized at a point in time upon shipment and transfer of control of the supply kits to the franchisees. Supply revenue was $- and $-, for the years ended June 30, 2021 and 2020, respectively.

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were approximately $8,727 and $- for the years ended June 30, 2021 and 2020, respectively.

Income Taxes:

The Company, with consent of its members, has elected under the Internal Revenue Code and similar state statutes to be taxed as a Partnership. In lieu of federal corporate income taxes, the members are taxed individually on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

The Company files income tax returns in the U.S. federal jurisdiction and certain states. The Company is subject to examination for all years since its inception.

Note A
Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments:

The Company's financial instruments, including cash and cash equivalents, accounts payable, and due to related party, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

Recently Issued Accounting Standards:

In May 2014, the FASB issued comprehensive new revenue recognition guidance, ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. The Company adopted the standard on July 1, 2020.

Note B
Deferred Revenue

Deferred revenue represents unearned revenue generated from the sale of new franchises. Franchise fee revenue is recognized when performance obligations are satisfied. Management determined that performance obligations related to franchise fees are satisfied over time as described in Note A. Deferred revenue was $34,424 and $94,808 at June 30, 2021 and 2020, respectively.

Note C
Related Party Transactions

The Company has a payable to their sole member, Gelatissimo Pty Limited, related to certain operating expenses paid by them on behalf of the Company. These payables are non-interest bearing, unsecured and have no specific terms of repayment. The amount payable was $65,220 and $- as of June 30, 2021 and 2020, respectively.

The Company has paid certain operating expenses on behalf of Gelatissimo Hawaii, LLC, an entity under common control. Receivables relating to these payments are non-interest bearing, unsecured and have no specific terms of repayment. The amount receivable was $154,409 and $- as of June 30, 2021 and 2020, respectively.

Note D
Concentrations

A significant customer is defined as one from whom at least 10% of annual revenue is derived. The Company has a single franchisee that contributed a total of $60,385 and $30,192, which comprised 100% of annual revenues for the years ended June 30, 2021 and 2020. The Company does not have any receivables due from this franchisee as of June 30, 2021 and 2020.

Note D
Concentrations (Continued)

A significant vendor is defined as one from which the company receives at least 10% of its total purchases. For the year ended June 30, 2021, the Company had purchases from two suppliers totaling $11,700 and $25,000, which comprised approximately 11% and 24% of the Company's annual purchases, respectively. For the year ended June 30, 2020, the Company had purchases from one supplier totaling $71,250, which comprised approximately 68% of the Company's annual purchases. The accounts payable balance included $6,900 and $32,512 to these vendors at June 30, 2021 and 2020, respectively.

Note E
Uncertainty Related to Current Economic Conditions

The Company’s ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Company’s business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Note F
Subsequent Events

The Company evaluated subsequent events through December 9, 2021, when these financial statements were available to be issued. Except as noted below, the Company is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have a material impact on the financial statements requiring additional recognition or disclosure.

On August 4, 2021, the Company received $100,000 in capital contributions from its sole member.

Exhibit D
To Franchise Disclosure Document

STATEMENT OF PROSPECTIVE FRANCHISEE

GELATISSIMO
STATEMENT OF PROSPECTIVE FRANCHISEE

[Note: Dates and Answers Must Be Completed in the Prospective Franchisee's Own Handwriting.]

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and Gelatissimo USA LLC (also called the "Franchisor" or "Gelatissimo") both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

1.	_____________, 202___ **Initials** _____________	The date on which I/we received a copy of Franchisor's Franchise Disclosure Document about a Franchise.
2.	_____________, 202___ **Initials** _____________	The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement and all other documents I/we later signed.
3.	_____________, 202___ **Initials** _____________	The earliest date on which I/we signed the Franchise Agreement or any other binding document (not including any Letter or other Acknowledgment of Receipt.)
4.	_____________, 202___ **Initials** _____________	The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company.

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type (collectively, the "representations"), including, but not limited to, any which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement, or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such representations, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

____.
(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: ____________________________________

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash

flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by Franchisor, its affiliates or agents/representatives, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), except as follows:

Prospective Franchisee's Initials: ___________________________________

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, <u>but not limited to,</u> the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

____.

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: ___________________________________

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Uniform Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each written Addendum and any Personal Guarantees.

Prospective Franchisee's Initials: ___________________________________

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has <u>strongly</u> recommended that I/we obtain such independent professional advice. I/we have also been <u>strongly</u> advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a Gelatissimo Master Franchise with existing Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing Gelatissimo Franchisees.

Prospective Franchisee's Initials: ___________________________________

6. I confirm that, as advised, I've spoken with past and/or existing Gelatissimo Franchisees, and that I made the decision as to which, and how many, Gelatissimo Franchisees to speak with.

Prospective Franchisee's Initials: ___________________________________

7. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, <u>the purchase of a Gelatissimo Master Franchise Business (or any other business) is a speculative investment, an investment beyond that outlined in the Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of any Gelatissimo Master Franchise Business, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills</u>.

Prospective Franchisee's Initials: ______________________________________

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) **immediately** inform the Franchisor's attorney (702-667-4827) and an officer of the Franchisor and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit, Franchise to Franchise, and may vary significantly.

Prospective Franchisee's Initials: ___________________________________

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: ____________________________

PROSPECTIVE FRANCHISEE (Individual)

____
Signature

____
Printed Name

____
Signature

____
Printed Name

PROSPECTIVE FRANCHISEE (Corp., LLC or Partnership) [Must be accompanied by appropriate personal guarantee(s)]

____
Legal Name of Entity

a ____
State of incorporation, formation, etc.

By: _____________________________________

Printed Name: ____________________________

Title: ____________________________________

Exhibit E
To Franchise Disclosure Document

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Exhibit E
To Franchise Disclosure Document

GELATISSIMO OPERATIONS BRAND STANDARDS MANUAL
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Exhibit F
To Franchise Disclosure Document

GENERAL RELEASE OF ALL CLAIMS

GENERAL RELEASE OF ALL CLAIMS

__________________________ ("FRANCHISEE") and _______________________, an individual ("GUARANTOR") enter into this General Release on __________________, with reference to the following facts:

1. On ______________________, Gelatissimo USA LLC, a Delaware limited liability company ("FRANCHISOR"), and FRANCHISEE entered into a Franchise Agreement (the "Franchise Agreement") to operate a Gelatissimo Store located at _________________________________ (the "Premises"). GUARANTOR guaranteed FRANCHISEE'S performance under the Franchise Agreement pursuant to a Guarantee and Assumption of Obligations (the "Guarantee"). In consideration of FRANCHISOR'S processing and approval of ____, the Franchise Agreement provides that FRANCHISEE must sign this General Release as a condition to such ___________________________________. All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guarantee.

2. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCHISEE and GUARANTOR hereby release and forever discharge FRANCHISOR, its parents and subsidiaries and the directors, officers, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown (collectively "Damages"), which arose on or before the date of this General Release, including any Damages with respect to the Franchise Agreement, the Franchised Business, the Premises and the Guarantee. FRANCHISEE waives any right or benefit which FRANCHISEE or GUARANTOR may have under Section 1542 of the California Civil Code or any equivalent law or statute of any other state. Section 1542 of the California Civil Code reads as follows:

> "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

3. This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding, express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled.

4. This Agreement shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year set forth above.

FRANCHISEE:

By: ____

Print Name: ____

Title: ____

GUARANTOR:

____**, an individual**

Exhibit G
To Franchise Disclosure Document

STATE SPECIFIC ADDENDA

ADDITIONAL STATE DISCLOSURES

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provisions in the Uniform Franchise Disclosure Document ("Disclosure Document") and Franchise Agreement will be amended as follows:

CALIFORNIA

ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. The following language is added to the end of Item 3 of the Disclosure Document:

   Neither Gelatissimo USA LLC, nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

   The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

   California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

   The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

   The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law but we will enforce it to the extent enforceable.

The Franchise Agreement requires application of the laws of the state of Delaware. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Kent County, Delaware, with the costs being borne by the non-prevailing party. The prevailing party shall be entitled to recover reasonable compensation for expenses, costs and fees in connection with arbitration, including reasonable attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

HAWAII

ADDENDUM TO DISCLOSURE DOCUMENT

These franchises will be/ have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the Director of Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs that the information provided herein is true, complete, and not misleading.

The Franchise Investment Law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective franchisee, or subfranchisor, at least seven days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with an copy of all proposed agreements relating to the sale of the franchise.

This Disclosure Document contains a summary only of certain material provisions of the franchise agreement. The contract or agreement should be referred to for a statement of all rights, conditions, restrictions and obligations of both the franchisor and the franchisee.

ILLINOIS

ADDENDUM TO DISCLOSURE DOCUMENT

1. The "**Summary**" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.

2. The "**Summary**" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Illinois law applies.

3. Illinois law governs the agreement(s) between the parties to this franchise.

4. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that arbitration may take place outside of Illinois. 815 ILCS 705/4 (West 2010)

5. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010)

ILLINOIS

AMENDMENT TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement ("**Agreement**") agree as follows:

1. Section 25, "**Entire Agreement"** is amended by adding the following:

   No other representation has induced Franchisee to execute this Agreement and there are no representations (except for those made in the Franchise Disclosure Document that Franchisee received from Franchisor), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise.

2. Section 28.1, "**Governing Law,**" is deleted in its entirety and replaced with the following:

   EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF ILLINOIS.

3. Section 28.2, "**Choice of Forum,**" is deleted in its entirety.

4. Under the law of Illinois, any condition, stipulation or provision that purports to bind a person acquiring a franchise to waive compliance with the Franchise Disclosure Act of Illinois is void. Accordingly, insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Gelatissimo USA LLC	Franchisee:________________________________
By: ______________________________________	By: ______________________________________
Title:_____________________________________	Title: _____________________________________

MARYLAND

ADDENDUM TO DISCLOSURE DOCUMENT

1. The "**Summary**" section of Item 17(c) entitled **Requirements for you to renew or extend**, and the "Summary" section of Item 17(m) entitled **Conditions for our approval of transfer**, is amended by adding the following:

> Any general release you sign shall not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.

2. The "**Summary**" section of Item 17(h) entitled **"Cause" defined (defaults which cannot be cured)**, is amended by adding the following:

> The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following are added to the end of the chart in Item 17:

> Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.
>
> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

MARYLAND

AMENDMENT TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

Termination upon bankruptcy of the Franchisee might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce it to the extent enforceable.

Sections 27.5(b) shall be supplemented by the following additional language:

> PROVIDED, HOWEVER, THAT THIS LIMITATION OF CLAIMS SHALL NOT ACT TO REDUCE THE THREE (3) YEAR STATUTE OF LIMITATIONS AFFORDED FRANCHISEE FOR BRINGING A CLAIM UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Any provision of this Franchise Agreement which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Gelatissimo USA LLC	Franchisee:________________________________
By: ______________________________________	By: ______________________________________
Title:_____________________________________	Title: ____________________________________

MARYLAND

AMENDMENT TO THE STATEMENT OF PROSPECTIVE FRANCHISEE (DISCLOSURE QUESTIONNAIRE)

The Statement of Prospective Franchisee (Disclosure Questionnaire) is specifically amended as follows:

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (as amended), Md. Code Bus. Reg. Sections 14-201 through 14-233, the following paragraph is added to the Franchisee Disclosure Questionnaire:

> Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this questionnaire are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

____
Name of Franchisee/Applicant

Date: _______________________________

____
Signature

____
Name and Title of Person Signing

MICHIGAN

ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan:

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

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

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

B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

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

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

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

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

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

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

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

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

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be direct to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, MI 48933
(517) 373-1160

Note: Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.

MINNESOTA

ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13, **Trademarks,** is amended by adding the following:

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

2. Item 17, **Renewal, Termination, Transfer and Dispute Resolution,** is amended by adding the following:

   A. **Renewal and Termination**
   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

   B. **Choice of Forum**
   Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

   C. **Releases**
   A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

3. These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

4. The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

5. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues.

5. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, us obtaining injunctive relief, termination penalties or judgment notes. However, we and you will enforce these provisions in the Franchise Agreement and/or Multi-Unit Development Agreement to the extent the law allows.

MINNESOTA

AMENDMENT TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

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

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit Franchisor from requiring litigation to be conducted outside Minnesota. Those provisions also provide that nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minn. Rule Part 2860.4400J prohibits a Franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; waiving any bond required by a court; or consenting to liquidated damages, Franchisor obtaining injunctive relief, termination penalties or judgment notes. However, Franchisor and Franchisee will enforce these provisions in the Agreement to the extent the law allows.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Gelatissimo USA LLC	Franchisee:______________________________
By: ____________________________________	By: ____________________________________
Title:___________________________________	Title: __________________________________

NEW YORK

ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. The following paragraphs are added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

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

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

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

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

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

3. The following is added to the end of Item 4:

Neither we nor any of our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in such company or partnership.

4. The following is added to the end of Item 5:

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

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

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

6. The following language replaces the "Summary" section of Items 17(d), titled "**Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

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

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

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

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

NORTH DAKOTA

ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the "Summary" section of Item 17(c) entitled **Requirements for you to renew or extend** and Item 17(m) entitled **Conditions for our approval of a transfer**:

> The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The applicable portion of the "Summary" section of Item 17(i) entitled **Your obligations on termination/non-renewal** is amended to read as follows:

> If we prevail in any enforcement action, you will pay all damages and costs we incur in enforcing the termination provisions of the Franchise Agreement.

3. The following is added to the "Summary" section of Item 17(u) entitled **Dispute resolution by arbitration or mediation**:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The following is added to the "Summary" section of Item 17(r) entitled **Non-competition covenants after the franchise is terminated or expires**:

> Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

5. The following is added to the "Summary" section of Item 17(v) entitled **Choice of forum**:

> However, to the extent allowed by the North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

NORTH DAKOTA

AMENDMENT TO FRANCHISE AGREEMENT

1. The following is added to Section 3.2, **"RENEWAL"** and Section 16 "**TRANSFER OF INTEREST**":

   The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The following is added to Section 28.1, "**GOVERNING LAW**":

   However, to the extent allows by the North Dakota Franchise investment Law, Franchisee may commence any cause of action against Franchisor in any court of competent jurisdiction, including the state or federal courts of North Dakota.

3. The following is added to Section 27.1, "**MANDATORY BINDING ARBITRATION"**

   To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which Franchisor and Franchisee mutually agree.

4. Section 31, "**ACKNOWLEDGMENTS**" is amended by the addition of the following language to the original language that appears therein to read as follows:

   Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

5. Section 19.3 (regarding post-term restrictions) is amended by the addition of the following language to the original language that appears therein:

   Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Gelatissimo USA LLC	Franchisee:______________________________
By: ______________________________	By: ____________________________________
Title: ____________________________	Title: __________________________________

<u>RHODE ISLAND</u>

ADDENDUM TO DISCLOSURE DOCUMENT

The following language is added to Item 17(v) entitled **<u>Choice of forum</u>**:

, except as otherwise required by the Rhode Island Franchise Investment Act

RHODE ISLAND

AMENDMENT TO FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the attached Franchise Agreement agree as follows:

Section 28.2, "**CHOICE OF FORUM"** is amended by adding the following:

> §19-24.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Gelatissimo USA LLC	Franchisee:______________________________
By: ____________________________________	By: ____________________________________
Title: __________________________________	Title: __________________________________

SOUTH DAKOTA

AMENDMENT TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

The following provisions shall apply and supersede any provision in the Franchise Agreement to the contrary:

1. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Franchise Agreement will be and remain subject to the construction, enforcement and interpretation of the laws of the State specified in Article 16 of this Agreement. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota, is deleted from any Franchise Agreement issued in the State of South Dakota.

2. Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of South Dakota.

4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make Royalty payments contained in the Franchise Agreement shall afford you thirty (30) days written notice with an opportunity to cure the default before termination.

5. To the extent this Amendment is inconsistent with any terms or conditions of the Franchise Agreement, schedules or attachments thereto, or the Disclosure Document, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Gelatissimo USA LLC	Franchisee:________________________
By: ________________________	By: ________________________
Title: ________________________	Title: ________________________

VIRGINIA

ADDENDUM TO DISCLOSURE DOCUMENT

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

The following statement is added to Item 17.h:

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

WASHINGTON

ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

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

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

WASHINGTON

AMENDMENT TO FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act (Chapter 19.100 RCW), the parties to the attached Franchise Agreement agree as follows:

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

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

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

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

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Gelatissimo USA LLC	Franchisee:______________________________
By: ______________________________	By: ____________________________________
Title: ____________________________	Title: __________________________________

Exhibit H
To Franchise Disclosure Document

LIST OF FRANCHISEES AND THEIR OUTLETS

FRANCHISE AGREEMENTS SIGNED, BUT OUTLETS NOT OPENED BY DECEMBER 31, 2020

TEXAS:

Master Franchisee
B & V Hok Gelato Texas LLC
Contact: Simonas Stankevicius and Phanary Hok
6214 Red Oak Ct,
Pasadena, Texas 77505
Email: phanaryhok@gmail.com

Exhibit I
To Franchise Disclosure Document

LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS
UNDER THE FRANCHISE AGREEMENT

There are none.

If you buy the franchise offered in this Disclosure Document, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit J
To Franchise Disclosure Document

STORE FRANCHISE AGREEMENT TEMPLATE

GELATISSIMO

STORE FRANCHISE AGREEMENT
(TEMPLATE)

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GELATISSIMO
FRANCHISE AGREEMENT

This Gelatissimo Franchise Agreement (this "**Agreement**") is entered into as of the ___ day of ___________________ 20___, by and between __________________________________, a ____, ("**Franchisor**"), on the one hand, and _________________________________, a/an _________________________________ ("**Franchisee**"), on the other hand, who are individually referred to in this Agreement as a "Party," and collectively referred to in this Agreement as "Parties," with reference to the following facts:

RECITALS

A. Gelatissimo USA LLC, a Delaware limited liability company ("**Master Franchisor**") is the owner of the entire right, title, and interest in the "Gelatissimo" trade name, logo and other trademarks and service marks and related trade dress, as licensed hereunder (the "**Marks**").

B. Gelatissimo Pty Limited, a New South Wales proprietary limited company with its principal offices in Sydney, Australia, ("**Licensor**") owns and has developed and administers a system, including various business techniques and methods, trade secrets (including recipes), copyrights (possibly patentable ideas), ingredient lists, confidential and proprietary information and other intellectual property rights (collectively, the "**System**") for the establishment and operation of distinctive retail gelato stores that specialize in the manufacture, preparation, display, and sale of gelato, gelato-based drinks, coffee, chocolates, biscuits, granita and other menu items ("**Gelatissimo Stores**"). Licensor has issued a license to Master Franchisor to use and sublicense the use of the System for the sale of franchised Gelatissimo Stores within the United States (the "**Franchise Program**").

C. The Franchise Program includes the System and Marks, the trade secrets, proprietary methods and information and procedures for the establishment and operation of a Gelatissimo Store, including, without limitation, a confidential operations manual (the "**Manual**"), recipes, ingredients, menu specifications, equipment, furniture and fixtures, operating procedures for sanitation, maintenance, food and beverage manufacture, storage and preparation, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, personnel management, training methods, distinctive interior design and display procedures, and color scheme and decor.

D. On ***[Insert Date of Master Franchise Agreement]***, Master Franchisor and Franchisor entered into a Master Franchise Agreement under which Master Franchisor granted Franchisor (i) the right and obligation to develop, own and operate a Gelatissimo Store(s) in the State of ***[Insert Master Franchisee's Territory]***; and (ii) the right and obligation to grant subfranchises to qualified third parties to develop, own and operate Gelatissimo Stores in the State of ***[Insert Master Franchisee's Territory]*** under individual Franchise Agreements.

E. Franchisor grants to qualified persons who are willing to undertake the required investment and effort, a license to open and operate a Gelatissimo Store.

F. Franchisee desires to obtain a license to use the System and Marks in the development and operation of a Gelatissimo Store at the location specified in this Agreement (the "**Store**").

G. Franchisor is entering into this Agreement in reliance upon the representations of Franchisee as to itself and to the person(s) who will participate in the ownership and management of the Store.

H. Franchisee has independently investigated the business contemplated by this Agreement and recognizes that the nature of the business may change over time, that an investment in a Gelatissimo Store involves business risks and that the venture's success depends primarily upon Franchisee's business abilities and efforts.

I. Franchisee acknowledges having received a copy of Franchisor's Franchise Disclosure Document and having had an adequate opportunity to investigate the business contemplated by this Agreement and to discuss the terms and conditions of this Agreement with financial and legal advisors of Franchisee's choosing at least fourteen (14) days prior to signing. Franchisee confirms that it is not relying upon any representation as to profits and/or sales volume that Franchisee may achieve nor upon any representations or promises by Franchisor that are not contained in this Agreement.

NOW, THEREFORE, the Parties agree as follows:

1. GRANT OF LICENSE; LOCATION

1.1 **Grant**. Franchisor hereby grants to Franchisee, subject to the terms and conditions of this Agreement, the non-exclusive right and license to:

A. Establish and operate a single Gelatissimo Store, utilizing only the System and the Marks, at a location that has been authorized by Franchisor (the "**Authorized Premises**"), in accordance with the provisions and for the term specified in this Agreement;

B. Use the Marks in accordance with the terms of this Agreement to identify and promote the Store offered hereunder; and

C. Use the proprietary business methods and know-how as set forth periodically in the Manual, other manuals, training programs, or otherwise communicated to Franchisee by Franchisor.

1.2 **Site Approval Process**. Before Franchisor considers approving a location for the Store, Franchisee must submit to Franchisor a complete report containing all information Franchisor may reasonably request concerning the proposed location, including, without limitation, population density, demographics, proximity to other Gelatissimo Stores, available parking, traffic flow and entrance to and exit from the site (the "**Location Report**"). Franchisor shall deliver to Franchisee written approval or disapproval of a proposed location within 30 days after Franchisor receives the Location Report. Franchisor's approval of the proposed site shall be deemed to be a binding addendum to this Agreement upon Franchisor and Franchisee's execution of Exhibit 1, which is attached hereto and incorporated herein by reference, and which will set forth the Authorized Premises. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria. Franchisee acknowledges that Franchisor's approval of a proposed site is permission only and not an assurance or guaranty to Franchisee of the availability, suitability or success of a location, and cannot create a liability for Franchisor. While Franchisor will provide site selection assistance as specified in Section 6.1 herein, Franchisee alone is ultimately responsible for selecting and developing an acceptable location for the Store. Franchisee agrees to hold Franchisor harmless with respect to the selection of the Authorized Premises by Franchisee. Franchisee must obtain lawful possession of an Authorized Premises by lease, purchase or other method and open for regular, continuous business within six (6) months of the date that Franchisor accepts this Agreement.

The opening date may be extended an additional three (3) months, at Franchisor's sole discretion, to assist Franchisee in selecting a site that meets Franchisor's site criteria. Franchisor has the right to terminate this Agreement if Franchisee fails to select a site for the Store that meets Franchisor's approval, within the time period allotted above.

1.3 **Authorized Premises & Protected Radius.** If the Authorized Premises has not been identified at the time this Agreement is signed, Franchisee must identify a site approved by Franchisor within the following Designated Market Area: ____. Once the Authorized Premises for the Store has been identified in the Authorized Premises Addendum, attached hereto as Exhibit 1, Franchisor agrees that, so long as Franchisee is in Good Standing (as defined in Section 8.9), neither it nor its affiliates will operate or establish, or authorize another Gelatissimo franchisee to operate or establish, a Gelatissimo Store using the System or Marks within a certain radius ("**Protected Radius**") of up to five (5) miles around the Authorized Premises (as measured from the outside walls of the Store) in suburban environments. In dense urban environments, such as downtown metropolitan areas, the Protected Radius will be less than one (1) mile from the primary customer entrance of the Store. The Protected Radius will be defined in Exhibit 1, hereto. Franchisee will not receive an exclusive territory. Franchisee agrees not solicit business from customers in another Gelatissimo franchisee's protected radius.

1.4 **Rights Reserved to Franchisor**.

A. Except for the right to operate a single Gelatissimo Store and offer catering services from the Authorized Premises, Franchisee is not granted any rights to use the System and Marks in connection with any other channel of commerce or method of distribution, including, without limitation, distribution of products or services through any temporary or mobile facilities, sales through retail stores that do not operate under the Marks, sales made at wholesale, or sales via the Internet (collectively, the "Alternative Channels of Distribution"), all such rights being retained by Franchisor.

B. Franchisor reserves all rights not expressly granted to Franchisee under this Agreement, and specifically reserves the rights to operate, or to license others to operate:

(i) any kind of business, except for a Gelatissimo Store, in any Protected Radius awarded to Franchisee, providing services or selling products to customers located anywhere, whether or not using the Gelatissimo brand and System in Franchisee's Protected Radius; and

(ii) any kind of business anywhere outside of any Protected Radius awarded to Franchisee selling to customers located anywhere, whether or not using the Gelatissimo brand and System, including without limitation, Gelatissimo Stores.

C. If Franchisor chooses to grant Franchisee rights relating to an "Alternative Channel of Distribution," Franchisee shall have no protected area whatsoever with respect to such Alternative Channel of Distribution, unless a mutually executed special addendum to this Agreement specifies a protected area for an Alternative Channel of Distribution. Such a protected area, if any, shall be determined by Franchisor in its sole discretion.

D. Notwithstanding anything to the contrary in this Agreement or otherwise, Franchisor and/or any of Franchisor's affiliates can acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, and including arrangements in which (i) other units are (or are not) converted to the Gelatissimo brand or other format (including using the System and/or Marks) and/or (ii) Franchisor and/or any of Franchisor's affiliates are acquired, and/or company-owned, franchised or other businesses are converted to another format, maintained under the System or otherwise. All Gelatissimo Stores owned by Franchisee will fully participate in any such conversion at Franchisee's expense, which shall not exceed $25,000. Franchisee shall have a period of twelve (12) months to complete the conversion.

E. Franchisee acknowledges and agrees that if the System is converted to a different format or brand name, Franchisor may immediately commence to promote and market the new format and/or brand name. Franchisor may direct that funds from the Advertising Fund, as described in Paragraph 9.3, be used likewise, even though Franchisee defers the conversion of its Gelatissimo Store to the new format and/or brand name, and Franchisee shall be obligated to continue to make contributions to the Advertising Fund.

2. ACCEPTANCE BY FRANCHISEE

2.1 **Acceptance by Franchisee**. Franchisee accepts this Agreement and the license granted herein and agrees to develop and operate the Store on the terms and conditions specified herein. Franchisee agrees to follow the System requirements relative to all of its operations, including, without limitation, its facilities, staff, advertising, operations and all other aspects of Franchisor's business and the System now in effect and changed periodically. Franchisee and its designated manager(s) must attend and complete Franchisor's training program to Franchisor's satisfaction.

2.2 **Conditions**. The rights being licensed herein are subject, without limitation, to the following conditions:

A. Franchisee's business and the Store shall be identified only by those Marks approved in writing by Franchisor with at least one outside sign as designated by Franchisor.

B. Concurrently, with the signing of this Agreement, Franchisee must execute a personal guaranty in the form attached hereto as Exhibit 4 ("**Personal Guaranty**"). In the event Franchisee is a legal entity having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 10% or greater interest in Franchisee (the "**Owners**") must execute the Personal Guaranty. Any person or entity that at any time after the date of this Agreement becomes an Owner, pursuant to Section 14 or otherwise, shall, as a condition of becoming an Owner, execute Franchisor's then-current form of Personal Guaranty.

C. Franchisee shall submit the lease for the Store to Franchisor for its written consent before Franchisee executes the lease for the Authorized Premises. The lease must contain the provisions outlined in Paragraph 7.2.A. and Exhibit 5 ("**Lease Addendum**").

D. Franchisee agrees that it shall open the Store for regular, continuous business no later than six (6) months after this Agreement is signed by Franchisor. Franchisor may in its sole discretion extend the opening date an additional three (3) months if necessary to assist Franchisee in selecting a site that meets Franchisor's approval.

E. Franchisee agrees at all times to comply with the Manual, standards, authorized products and services, food specifications and preparation, recipes, operating and business systems, and all other aspects of the System prescribed by Franchisor (collectively, the "**System Standards**"), which are subject to change at Franchisor's discretion.

F. Franchisee agrees to execute any exhibits, addendum, attachments and agreements to this Agreement requiring Franchisee's signature.

3. TERM AND RENEWAL

3.1 **Term**. The term of this Agreement shall be for a period of five (5) years beginning on the date this Agreement is accepted by Franchisor; provided, however, the term of this Agreement shall be shortened (but not extended) to conform to the term of the lease for the Authorized Premises (if the lease is shorter than five (5) years.)

3.2 **Renewal**. Unless terminated at an earlier date, upon the expiration of the initial term, Franchisee shall have the right to renew this Agreement for one additional five (5) year term, or for option terms equal to the new or extended term of the lease for the Authorized Premises (or suitable alternative premises approved by Franchisor), subject to satisfaction of each of the following conditions:

A. Prior to each such renewal, Franchisee shall execute Franchisor's standard form franchise agreement being offered at the time of each such renewal. The provisions of each such renewal franchise agreement may differ from and shall supersede this Agreement in all respects, including, without limitation, changes in royalty and advertising fees, except that Franchisee shall pay the renewal fee specified in Paragraph 3.2.G instead of the initial franchise fee. Franchisee's failure or refusal to execute and return Franchisor's then current standard form Franchise Agreement to Franchisor within thirty (30) days after receipt by Franchisee shall constitute Franchisee's election not to renew;

B. Franchisee shall demonstrate that it has the right to remain in possession of the Authorized Premises for the duration of the renewal term, or that it has been able to secure and develop an alternative site acceptable to Franchisor;

C. In consideration of each such renewal of the franchise, Franchisee shall execute a general release in the form and substance satisfactory to Franchisor, releasing any and all claims against Franchisor and Franchisor's affiliates, officers, directors, employees and agents;

D. At Franchisee's sole expense, Franchisee and Franchisee's supervisorial or managerial personnel shall complete such training as Franchisor may require, to bring Franchisee into conformity with the then current qualifications and training requirements for new franchisees;

E. Franchisee shall have completed or made arrangements to make, at Franchisee's expense such renovation and modernization of the Store, including the interior and exterior of the building, grounds, leasehold improvements, signs, furnishings, fixtures, equipment, uniforms and decor as Franchisor reasonably requires so the Store conforms with the then current standards and image of Franchisor;

F. Franchisee, during the term of this Agreement, shall have substantially complied with all of the provisions of this Agreement and all other agreements with Franchisor, and shall be in compliance with the Manual and with Franchisor's policies, standards and specifications on the date of the notice of renewal and at the expiration of the initial term;

G. Franchisee shall pay to Franchisor a renewal fee ("**Renewal Fee**") in the amount of Five Thousand Dollars ($5,000); and

H. Franchisee shall have given Franchisor written notice of renewal not less than 90 or more than 180 days before expiration of the initial term.

I. For any lease term which extends the underlying lease for a period of time in excess of the remaining term of the Franchise Agreement, or any renewal period for the Franchise Agreement, Franchisee must obtain Franchisor's prior written consent to permit either the extended lease term or any additional franchise term.

3.3 **Franchisor's Refusal to Renew Franchise**. Franchisor may refuse to renew the franchise if Franchisee is in default under this Agreement, or any other agreement with Franchisor or an affiliate of Franchisor, or if Franchisee fails to satisfy any of the foregoing conditions. Subject to the above, Franchisor will not unreasonably deny renewal of a Franchise.

3.4 **Notice of Expiration Required by Law.** If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any additional term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement shall remain in effect on a month-to-month basis until Franchisee has received such required notice.

3.5 **Holdover.** If Franchisor permits Franchisee to continue operating the Store after this Agreement terminates or expires, then (but without prejudice to any of the Franchisor's other rights or remedies):

(a) Franchisee must continue to operate the Store on a monthly basis;

(b) Franchisee continues on the same terms and conditions so far as applicable to a monthly license as are contained in this Agreement; and

(c) the monthly license may be terminated by either Party giving the other thirty (30) days' written notice, which may expire on any day.

4. TRADEMARK STANDARDS

4.1 **Name and Ownership**. Franchisee acknowledges the validity of the Mark "Gelatissimo" and all other Marks that now or in the future are or will be part of the System and agrees and recognizes that the Marks are the sole and exclusive property of Franchisor and/or the affiliates of Franchisor. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of the Store pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time. Any unauthorized use of the Marks by Franchisee shall be a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor (and/or its affiliates) owns all right, title and interest in and to the Marks, and Franchisee has and acquires hereby only the qualified license granted in this Agreement.

4.2 **Use**.

A. Franchisee shall not use any Mark as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Franchisor and shall conduct no other business than that prescribed by Franchisor. Franchisee shall not use any other mark, name, commercial symbol or logotype in connection with the operation of and shall not market any product relating to the Store without Franchisor's written consent, and if such consent is granted, such product must be marketed in a manner acceptable to Franchisor. Franchisor may also permit Franchisee to use from time to time other trademarks, service marks, trade names and commercial symbols as may be designated in writing.

B. Franchisee agrees to give such notices of trademark and service mark registrations and copyrights as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee is prohibited from using the Marks in advertising, promotion or otherwise, without the appropriate "©" or "®" (copyright and registration marks) or the designations "™" or "℠" (trademark and service mark), where applicable.

4.3 **Litigation**. Franchisee agrees to notify Franchisor immediately in writing if it becomes aware that any person who is not a licensee of Franchisor is using or infringing upon any of the Marks. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with any such use or infringement. Franchisor will have discretion to determine what steps, if any, are to be taken in any instance of unauthorized use or infringement of any of its Marks and will have complete control of any litigation or settlement in connection with any claim of an infringement or unfair competition or unauthorized use with respect to the Marks. Franchisee, at Franchisee's own expense will execute any and all instruments and documents and will assist and cooperate with any suit or other action undertaken by Franchisor with respect to such unauthorized use or infringement such as by giving testimony or furnishing documents or other evidence. Franchisor will be responsible for legal expenses incurred by Franchisor in connection with any litigation or other legal proceeding involving such third party. Franchisor shall not be liable for any legal expenses of Franchisee unless approved in writing by Franchisor in its discretion.

4.4 **Modification, Discontinuance or Substitution**. Franchisor reserves the right, if necessary in Franchisor's sole judgment, to change the principal Mark(s) of the System and, promptly upon notice, Franchisee shall at its expense adopt a new principal Mark(s) designated by Franchisor to identify the Store. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's change of any Mark. Franchisor shall have no liability for any expenses or damages incurred by Franchisee as a result of Franchisor's election to change the use of any or all of the Marks.

4.5 **Franchisor's Revenues**. Franchisor and its affiliates may offer to sell to Franchisee at a reasonable profit various goods and services and reserve the right to receive fees or other consideration in connection with "Gelatissimo" sales promotion and advertising programs or from System vendors.

5. FEES

5.1 **Initial Franchise Fee.** Franchisee agrees to pay Franchisor an initial franchise fee (the "**Initial Franchise Fee**") in the sum of Twenty-Nine Thousand Five Hundred Dollars ($29,500) for a single Gelatissimo Store upon the execution of this Agreement in the form of a cashier's check, wire transfer or electronic check ("**eCheck**"). The Initial Franchise Fee shall be fully earned by Franchisor upon payment and is not refundable, in whole or in part, under any circumstances.

5.2 **Initial Training Fee**. Prior to receiving training and the opening the Store, Franchisee agrees to pay Franchisor a fee in the amount of Five Thousand Dollars ($5,000) (the "**Initial Training Fee**") for the initial training program ("**Initial training Program**") provided by Franchisor. The Initial Training Fee may be reduced or waived in instances where Franchisee owns other Gelatissimo Stores and has previously completed the Initial Training Program to Franchisor's satisfaction. In addition to the Initial Training Fee, Franchisee is responsible for any and all travel-related expenses (e.g., airfare, lodging, meals, etc.) it or its employees incur to attend any training offered by Franchisor. The Initial Training Fee is not refundable under any circumstance. (See Section 6.3 of this Agreement for more information on the Initial Training.)

5.3 **Royalty Fee**. Beginning from the day the Store first opens for business and continuing during the Term of this Agreement, Franchisee agrees to pay Franchisor monthly, without setoff, credit or deduction of any nature, a royalty fee (the "**Royalty Fee**"). The Royalty Fee will be equal to four percent (4%) of Franchisee's Gross Sales (as that term is defined in Section 5.4, below.) Franchisee agrees to pay the Royalty Fee by the 7th day of the following month in which the royalties were earned, using the method of payment as specified in Section 5.9 below.

5.4 **Gross Sales**. As used in this Agreement, the term "Gross Sales" shall mean and include the total actual gross charges for all products and services sold to customers of the Store, for cash or credit, whether such sales are made at or from the premises of the Store, or any other location or other channels of distribution, including, but not limited to, catering, and temporary promotions and events, but excluding: sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority; and customer refunds and adjustments.

5.5 **Advertising Fund Contribution.** Franchisee agrees to pay Franchisor, monthly, during the term of this Agreement, three percent (3%) of Franchisee's Gross Sales, without set-off, credit or deduction of any nature, for regional advertising and marketing services (the "**Advertising Fund Contribution**"), at the same time and in the same manner as the Royalty Fee is paid. At Franchisor's reasonable discretion, and upon thirty (30) days' notice to Franchisee, the Advertising Fund Contribution may be increased or decreased, although no such increase will be greater than four percent (4%) of Franchisee's Gross Sales. The Advertising Fund Contribution shall be expended in accordance with Section 9.3 herein.

5.6 **Local Advertising Expenses.** Franchisee agrees to spend each month no less than two percent (2%) of its Gross Sales for the month on local advertising and promotion of the Store. (See Section 9.4 for more details on Local Marketing/Advertising.)

5.7 **Advertising Cooperative**. If Franchisor establishes a local or regional advertising cooperative to promote Gelatissimo Stores in Franchisee's market area, Franchisee will be required to contribute to the cooperative in such amounts as are determined by the majority of its members, but, in no event, will Franchisee be required to pay more than four percent (4%) of its Gross Sales for combined Local Marketing and Cooperative Advertising. (See Section 9.5 for more details on Advertising Cooperatives.)

5.8 **Inventory of Products**. Franchisee agrees to purchase a minimum opening inventory of products, including Gelato Kits and branded products (the "Opening Inventory of Products") from Franchisor in an amount based upon the size of the Store, as set forth in the Manual and elsewhere by Franchisor. The cost of the Opening Inventory of Products is non-refundable, in whole or in part, under any circumstances. Throughout the term of this Agreement, Franchisee agrees to continuing purchasing the minimum required amounts of Gelato Kits, branded products and other products from Franchisor, as set forth in the Manual and elsewhere by Franchisor.

5.9 **Electronic Transfer**.

A. Unless Franchisor in its discretion specifies otherwise, Franchisee agrees to pay the Royalty Fee, Advertising Fund Contribution and any other fees owed to Franchisor, by pre-authorized electronic debit to Franchisor's bank or other financial institution account.

B. For purposes of this Agreement, each week shall end at midnight Sunday.

C. Franchisee agrees to complete and execute an "Electronic Funds Transfer Agreement" (attached as Exhibit 2 to this Agreement) and any other form, including, without limitation, an "Electronic Debit Authorization" (attached as Exhibit 3 to this Agreement) prescribed by Franchisor in its discretion for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization. By signing the Electronic Funds Transfer Agreement and the Electronic Debit Authorization, Franchisee gives authorization to permit Franchisor to debit electronically Franchisee's bank account. Franchisee agrees to maintain an account at a bank or other financial institution that has the capacity to perform electronic debits to its account.

D. Franchisee agrees to install at its expense and use such pre-authorized payment and computerized point of sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking system as Franchisor in its discretion may require. This requirement may be specified by Franchisor to fulfill any business purpose reasonably related to the operation of the Store and the System or to permit Franchisee to make all required payments to Franchisor by automatic bank transfer.

E. Franchisee agrees to maintain account balances sufficient to make all payments due to Franchisor by electronic transfer. Any insufficiency shall constitute a default in payment pursuant to Paragraph 15.2(2) of this Agreement. Any charges incurred by Franchisor due to a shortage of funds in Franchisee's bank account shall be promptly reimbursed by Franchisee to Franchisor.

5.10 **Interest and Late Charges**. Amounts due to Franchisor (except interest on unpaid amounts due) not paid when due shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month, or the highest rate of interest allowed by law. Franchisor may also recover its reasonable attorneys' fees, costs and other expenses incurred in collecting amounts owed by Franchisee.

5.11 **Support Fee**. If Franchisee fails to have a trained Designated Operator (defined in Section 17.5) or trained manager (approved by Franchisor) at any time during the term of this Agreement, Franchisor may provide such qualified personnel to Franchisee to fill said vacancy and charge Franchisee a support fee ("**Support Fee**") in the amount of $3,500 per week until a replacement or successor Designated Operator or manager has successfully completed training.

5.11 **No Accord or Satisfaction**. If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount due under this Agreement for any payment due hereunder, such payment or receipt shall be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

6. FRANCHISOR SERVICES

6.1 **Site Selection and Lease Negotiations**. Franchisee is responsible for locating, obtaining and evaluating the suitability and prospects of the Store location, and for the review and negotiation of Franchisee's lease. However, Franchisor, at Franchisee's request, will work closely with and assist Franchisee in site selection and the review and negotiation of Franchisee's lease by furnishing Franchisee with Franchisor's confidential site evaluation criteria, by consulting with and counseling Franchisee, and, at Franchisor's discretion, conducting field inspections of proposed sites at mutually convenient times. Franchisor must approve Franchisee's site selection. Franchisor agrees not to withhold approval unreasonably of a site that meets its site criteria. Franchisee acknowledges that Franchisor's approval of a proposed site is permission only and not an assurance or guaranty to Franchisee of the availability, suitability or success of a location, and cannot create a liability for Franchisor. If Franchisor and Franchisee are not able to agree upon a site for the Store within the time period allotted in Section 1.2, Franchisor may terminate this Agreement.

6.2 **Unit Development**.

A. Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of equipment, furniture, fixtures, initial inventories, and managing construction or remodeling of the Store. After Franchisee has executed a lease for the Authorized Premises, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, layout, design and signs relating to the Authorized Premises and shall provide reasonable consultation in connection with the development of the Store. Franchisee's architect must make any layout, design and specifications provided by Franchisor site-specific. Franchisee agrees to make no changes, alterations or modifications whatsoever to the selected layout and design without obtaining prior written consent from Franchisor. (See Article 7, below, for more detailed information on the Store specifications and construction.)

B. Franchisor may offer, at its sole discretion, to arrange and supervise the build-out of the Store for Franchisee. If Franchisee elects to have Franchisor arrange and supervise the build-out of the Store, Franchisee must pay Franchisor a "**Project Management Fee**" in the amount of Ten Thousand Dollars ($10,000) for such assistance. If Franchisor agrees to arrange and supervise the build-out of the Store, Franchisor will provide Franchisee with a genuine pre-estimate of the costs and expenses expected to be incurred in the build-out of the Store ("**Build-out Expenses**"). Franchisee must pay for all Build-out Expenses in the manner agreed upon in writing by the Parties. The Build-out Expenses may be payable to suppliers and/or to Franchisor. Franchisee acknowledges and agrees that the actual Build-out Expenses may vary from any estimate issued to Franchisee. In the event Franchisor arranges or supervises the build-out of the Store, Franchisee may not make any claim against Franchisor to rescind or terminate this Agreement because: (i) completion of the build-out has been delayed due to reasons beyond the control of Franchisor; (ii) there are minor defects or omissions in the build-out; or (iii) there are changes made to the build-out plans or works, provided that such changes do not have a material or adverse effect (in the reasonable opinion of Franchisor) on the Store or the franchised business.

6.3 **<u>Initial Training</u>**.

A. Prior to the opening of the Store and after Franchisee pays Franchisor the Initial Training Fee (as set forth in Section 5.2), Franchisor will provide initial training (the "**Initial Training Program**") at its training facility located in ***<u>[Insert Franchisor's Headquarters or Training Location]</u>***, or at another location designated by Franchisor, to Franchisee and up to two (2) of Franchisee's supervisorial or managerial personnel, including its designated Store manager ("**Store Manager**"); provided, however, Franchisee and its supervisorial or managerial personnel must attend such training simultaneously. If Franchisee is a business entity, then the Designated Operator, as identified in Section 17.5, below, must successfully complete the Initial Training and any additional required training, and comply on an ongoing basis with all ongoing/refresher training requirements on behalf of Franchisee.

B. The length of the Initial Training Program is scheduled at Franchisor's discretion, consisting of a combination of classroom training at Franchisor's headquarters and on-the-job training conducted at a Gelatissimo Store owned by Franchisor or its affiliate, or such other training facilities designated by Franchisor. The Initial Training will cover basic aspects of establishing and operating the Store, including a point of sale computer system, recipes, forms, costs and cash control, purchasing, inventory control and disposition, customer service, marketing, selling skills, employee hiring, training and scheduling procedures, job functions and maintenance of quality standards.

C. All of the required Initial Training is mandatory. Franchisee (or its Designated Operator) and the Store Manager must satisfactorily complete the Initial Training Program, which includes attendance at all scheduled training days and times, as communicated in advance of the training, within the timeframe established by Franchisor. Franchisee is responsible for all travel, lodging, food, wages, wage related expenses and other expenses in connection with the Initial Training Program for Franchisee, its Designated Operator, the Store Manager, and any other employee of Franchisee who attends the training.

D. If Franchisee (or its Designated Operator) does not satisfactorily complete the Initial Training, then Franchisor shall have the option, at Franchisor's sole discretion, to (1) extend the Initial Training for Franchisee (or its Designated Operator) and allow Franchisee additional time to successfully complete the Initial Training, or (2) terminate this Agreement.

E. Franchisee agrees to require any and all Store Managers employed after the Store is opened to complete an initial training program for store managers. Franchisee will provide the initial training program to its new Store Managers at the Store, along with an online training requirement.

6.4 **<u>Ongoing/Refresher Training</u>**. From time to time, Franchisor may offer system-wide ongoing or refresher training to the Gelatissimo Franchisees and/or their Store Managers for a reasonable fee, such training may include updates on new products, courses, meetings, seminars and conventions. Franchisee agrees to personally attend or have its Store Manager (if approved by Franchisor) attend any and all required ongoing or refresher training, annually, or as required. In addition to paying any required training fee(s), Franchisee will be responsible for all compensation, travel and living expenses of Franchisee and/or its Store Manager during training

6.5 **<u>Grand Opening Advertising Assistance</u>**. Franchisor shall consult and advise Franchisee on the advertising, marketing and promotion for the Grand Opening of the Store. Franchisor recommends that

Franchisee spend a minimum of $5,000 on the advertising and promotion of the Grand Opening of the Store. All materials used in the Grand Opening Program will be subject to Franchisor's prior written approval.

6.6 **Operations Manual**. Franchisor will lend Franchisee one (1) copy of Franchisor's Manual during the term of this Agreement. The Manual is anticipated to codify existing mandatory and suggested specifications, standards and operating procedures currently prescribed by Franchisor. Franchisee acknowledges that Franchisor may from time to time revise its System as well as the contents of the Manual, and Franchisee agrees to comply with each new or changed standard and specification upon notice from Franchisor. Any required specifications, standards, and/or operating procedures exist to protect Franchisor's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to Franchisee. The Manual shall remain the sole property of Franchisor and shall be kept confidential by Franchisee both during the term of this Agreement and subsequent to the termination, expiration, or non-renewal of this Agreement. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained at Franchisor's principal office shall be controlling. The Manual may be provided electronically, in which case, Franchisor will grant Franchisee online access to an electronic version of the Manual, during the term of this Agreement. If Franchisee in any way compromises the secure access to the online version of the Manual, including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents, Franchisee will be required to pay Franchisor liquidated damages in the amount of $10,000, to compensate Franchisor for the breach and related damage to the System.

6.7 **Continuing Services**. Franchisor shall provide such continuing advisory assistance and information to Franchisee in the development and operation of the Store as Franchisor deems advisable. Such assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals. Franchisor may provide regular consultation and advice to Franchisee in response to inquiries from Franchisee regarding administrative and operating issues that Franchisee brings to Franchisor's attention. Franchisor may make recommendations that it deems appropriate to assist Franchisee's efforts. However, Franchisee alone will establish all requirements, consistent with Franchisor's policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the Store for which Franchisor has not established Approved Suppliers. The rendering of any consultation, advise, assistance, consent, approval or services by Franchisor, as set forth in this Agreement, does not constitute any assurance or guaranty that such consultation, advice, assistance, consent, approval or services will result in any level of success of Franchisee's business. Any Franchisor services set forth in this Agreement may be provided by Franchisor and/or representative(s) or designee(s) of Franchisor.

6.8 **Approved/Designated Suppliers of Products and Services**.

A. Franchisor shall provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services, products, materials and supplies, and training that may benefit Franchisee in the operation of the Store. Franchisor has the right to require that Franchisee obtain products/services specified by Franchisor from time to time exclusively from suppliers designated or approved by Franchisor ("**Approved Suppliers**"). Franchisor has the right to designate or approve a single supplier or multiple suppliers for any specified product/service and to designate a single supplier as an exclusive supplier of a required product or service. Approved

Suppliers may include, and may be limited to, Franchisor and/or companies affiliated with Franchisor. Franchisee must not offer or sell any products or services not approved by Franchisor. If Franchisor disapproves a particular item, Franchisee agrees not to use it. (See Section 8.6 for more details on the products and services to be offered for sale at the Store.)

B. Designation or approval of a supplier may be conditioned on factors established by Franchisor as it considers appropriate, including without limitation, performance relating to frequency of delivery, standards of service, inability to maintain quality/adequate supply of goods, inability to meet or maintain acceptable pricing, and payment or other consideration to Franchisor or parties designated by Franchisor. Franchisor can approve, or revoke or deny approval, of particular items or suppliers in its sole discretion. Franchisor and its affiliates reserve the right to receive rebates, incentive amounts, discounts and other economic benefits from any supplier and have the right to realize a profit on the sales of products and/or services to Franchisee.

6.9 **Pricing.** Franchisor has developed an image that is based in part on consistent and reasonable prices for products and services offered by the System. To promote a consistent consumer experience, and to maximize the value of limited advertising expenditures, Franchisor may require fixed minimum or maximum prices for any products or services offered by the System and Franchisee. Franchisee is obligated to use the pricing required by Franchisor, unless Franchisor consents to changes in local pricing offered by Franchisee in order to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with changes or interpretations in State or Federal anti-trust laws. Consistent with State or Federal law, Franchisor reserves the right to change or eliminate its pricing program in the future, or to move from a required to recommended pricing structure. Franchisee acknowledges and agrees that any maximum, minimum or other prices Franchisor prescribes or suggests may or may not optimize the revenues or profitability of the Store, and Franchisee irrevocably waives any and all claims arising from or related to Franchisor's prescription or suggestion of the retail prices at the Store.

7. FACILITY STANDARDS, LEASE AND CONSTRUCTION

7.1 **Facility Specifications.** Franchisee acknowledges and agrees that the Store shall meet the following conditions:

A. The Store shall be laid out, designed, constructed or improved, equipped and furnished in accordance with Franchisor's standards and specifications. Equipment, furnishings, fixtures, decor and signs for the Store shall be purchased from suppliers approved by Franchisor. Although Franchisor may set a specification or require use of an approved supplier in its sole discretion, Franchisor makes no representations or warranties about the specification, or about the goods or services provided by such supplier. Franchisor is not liable for any damages, injuries or losses caused by or due to the actions, services or products supplied to Franchisee from any third-party supplier approved by Franchisor. Franchisee acknowledges that it is responsible for supervising the build-out of the Store and the installation of equipment, fixtures and signage. Franchisee may not remodel or alter the Store, or change its equipment, furniture or fixtures, without Franchisor's prior written consent. Franchisee must obtain necessary permits, licenses and other legal or architectural requirements. The Store shall contain or display only signage that Franchisor has specifically approved or designed, and shall use only the type and style of menu board designated or approved by Franchisor.

B. The Store shall be maintained in accordance with standards and specifications established by Franchisor or prescribed after inspection of the Store. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures or any other item of the interior or exterior that is in need of repair, refurbishing or redecorating in accordance with such standards established (and updated from time to time) by Franchisor or as may be required by Franchisee's lease.

C. The Store shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor.

D. Franchisor may place, in a conspicuous location, informational materials, including, without limitation, a discrete brochure rack on the customer counter and various signage and/or language on the front doors and/or windows relating to its franchise opportunities at any time during the term of this Agreement and any extensions to this Agreement.

7.2 **Lease**.

A. Franchisee is solely responsible for purchasing or leasing a suitable site for the Store. Franchisee must submit the purchase agreement or lease for the Store to Franchisor for its written consent before Franchisee executes the purchase agreement or lease for the Authorized Premises. Franchisor will not withhold consent arbitrarily; however, any lease must contain substantially the following provisions: (1) "The leased premises will be used only for the operation of a Gelatissimo Franchise;" (2) "The employees of Franchisor and Master Franchisor will have the right to enter the leased premises to make any modifications necessary to protect the System and proprietary marks thereof;" (3) "Lessee agrees that Lessor may, upon request of Franchisor disclose to Franchisor or Master Franchisor all reports, information or data in lessor's possession with respect to sales made in, upon or from the leased premises;" and (4) a conditional assignment clause to be contained in a lease addendum, in a form approved by Franchisor, which shall provide that Franchisor (or its designee) may, upon termination, expiration, non-renewal or proposed assignment of this Agreement, at Franchisor's sole option, take an assignment of Franchisee's interest thereunder, without the consent of the Lessor or property owner, without liability for accrued obligations, payment of additional consideration or increase in rent, and at any time thereafter, reassign the lease to a new franchisee. Franchisor's execution of this Agreement is conditioned upon the above-referenced Lease Addendum in the form attached hereto, as Exhibit 5, which shall be signed by Franchisee and attached and made part of the lease for the Store. Franchisee acknowledges that it has been advised to have any lease reviewed by Franchisee's own legal counsel.

B. Franchisee may not terminate, renew or in any way alter or amend the lease for the Store during the term thereof, or any renewal term thereof, without Franchisor's written consent, except as otherwise provided in this Agreement. Franchisee may not sublicense or assign rights granted in this Agreement except in accordance with Article 14**.**

C. Franchisee's execution of a lease for the Store shall constitute: (1) acceptance by Franchisee of such site and location and the terms of such lease; and (2) a waiver of any claim or right against Franchisor relating to the choice of such site and location or the terms of such lease.

D. Franchisee shall provide Franchisor with a copy of Franchisee's fully executed lease with all exhibits and attachments thereto for the Store promptly after execution.

E. Franchisee acknowledges that it has been advised to have any lease reviewed by Franchisee's own legal counsel.

7.3 **<u>Development of the Store</u>.** Franchisee agrees that after obtaining possession of the Authorized Premises, Franchisee will complete promptly the following actions, at Franchisee's sole expense:

A. Obtain any standard plans and/or specifications for the Store from Franchisor;

B. Employ a qualified licensed architect, as required by state or local codes to prepare, in accordance with Franchisor's specifications and standards all requisite drawings, designs, plans and specifications for the Store location;

C. Submit to Franchisor all requisite drawings, designs, plans and specifications, including signage, prepared by such architect;

D. Obtain approval of such requisite drawings, designs, plans and specifications, including signage, from the Franchisor, lessor and local authorities prior to commencement of construction of the Store.

E. Obtain all permits and certifications required for lawful construction and operation of the Store, including, without limitation, zoning, building, access, sign, fire and health requirements;

F. Construct the Store under the supervision of a licensed general contractor in full and strict accordance with all legal requirements and with the plans and specifications approved by Franchisor, lessor and local authorities;

G. Obtain or require the contractor to obtain payment and performance bonds;

H. Obtain all customary contractor's sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services for the Store;

I. Obtain or have the contractor obtain Builder's Risk Insurance naming Franchisor as a loss payee;

J. Complete the construction or remodeling of the Store in full and strict compliance with plans and specifications approved by Franchisor, landlord for the site, and with all applicable ordinances, building codes and permit requirements;

K. Purchase or lease, in accordance with Franchisor's standards and specifications, all equipment, furniture, fixtures, inventory, supplies and signs required for the Store;

L. Hire and train the initial supervisorial and managerial personnel according to Franchisor's standards and specifications;

M. Complete development of and have the Store open for business not later than six (6) months after the date that Franchisor accepts this Agreement unless Franchisor extends the opening date, but in no event later than nine (9) months after the date that Franchisor accepts this Agreement; and

N. Not later than 90 days after the Store opens for business, furnish to Franchisor an itemized breakdown of the costs incurred by Franchisee in developing the Store, including design, construction, equipment, furniture, fixtures, signage, inventory and supplies.

7.4 **Franchisee's Responsibility.** Notwithstanding the foregoing, Franchisee acknowledges and agrees that although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to constructing and equipping the Store, Franchisor is not acting as a general contractor or providing construction advice. Franchisee must hire its own licensed general contractor and architect to comply with local ordinance's and codes, and Franchisee alone is responsible for the build-out of the Approved Location. It is Franchisee's sole responsibility to construct and equip the Store in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and all other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee agrees to execute the ADA Certification Form attached to this Agreement as Exhibit 8. Franchisor makes no representations or warranties that any of the standard or sample plans and specifications provided to Franchisee comply with such laws and regulations. Franchisee agrees to indemnify, defend and hold harmless Franchisor with respect to any standard or sample plans and specifications provided by Franchisor and with respect to the constructing and equipping of the Store.

8. STORE IMAGE AND OPERATING STANDARDS.

8.1 **Compliance**. Franchisee acknowledges and agrees that every detail regarding the appearance and operation of the Store is important to Franchisee, the System and other Gelatissimo Franchisees in order to maintain high and uniform operating standards, to increase demand for the products and services sold by all franchisees, and to protect Franchisor's reputation and goodwill, and, accordingly, Franchisee agrees to comply strictly at all times with the requirements of this Agreement and Franchisor's standards and specifications (whether contained in the Manual or any other written or oral communication to Franchisee by Franchisor) relating to the appearance or operation of the Store. Franchisee further agrees to promptly implement any changes in operational and facility requirements when prescribed by Franchisor, even if additional investment or expenditures are required. Franchisee acknowledges that others may operate under different forms of agreement with Franchisor, and that the rights and obligations of the parties to other agreements may differ from those hereunder.

8.2 **Franchisor's Right to Inspection**. To determine whether Franchisee is complying with this Agreement and Franchisor's standards and specifications, Franchisor reserves the right for Franchisor and Master Franchisor to supervise, determine and approve the standards of appearance, quality and service pertinent to the Store including, without limitation, the right at any reasonable time and without prior notice to Franchisee to: (1) inspect and examine the business premises, equipment, facilities and operation of the Store; (2) interview Franchisee and Franchisee's employees; (3) interview Franchisee's customers, suppliers and any other person with whom Franchisee does business; (4) confer with members and staff of government agencies with authority over Franchisee about matters relevant to the Store; and (5) use "mystery shoppers," who may pose as customers and evaluate Franchisee and Franchisee's operations.

8.3 **Franchisor's Notice of Deficiency**. If Franchisor issues to Franchisee a notice of default, Franchisor will have the right (but not the obligation), in addition to all other remedies, to take such corrective action as is, in the sole determination of Franchisor, necessary and appropriate to bring the Store in compliance with Franchisor’s specifications, standards, methods, policies and procedures; provided that Franchisor will not initiate any such action in connection with any default under Section 15.2B. until the applicable cure period has expired. Franchisee shall pay the entire cost thereof to Franchisor on demand.

8.4 **Adherence to Good Business Practices**. Franchisee shall adhere to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct in all business dealings with customers, employees, vendors and Franchisor.

8.5 **Personnel.** Franchisee agrees to employ in the operation of the Store only persons of high character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty, it being recognized by Franchisee that such persons are necessary in order to promote and maintain customer satisfaction and the goodwill of the Store. Franchisee agrees to staff the Store at all times with a sufficient number of qualified, competent personnel who have been trained in accordance with Franchisor’s standards and who shall wear Franchisor’s approved uniforms during working hours. All employees Franchisee hires or employs at the Store will be Franchisee’s employees and Franchisee’s employees alone, and will not, for any purpose, be deemed to be Franchisor’s employees or subject to Franchisor’s direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. Franchisee will file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for its employees and operations. Franchisor will not have the power to hire or fire Franchisee’s employees. Franchisor’s authority under this Agreement to train and approve Franchisee’s supervisorial or managerial personnel for qualification to perform certain functions at the Store does not directly or indirectly vest Franchisor with the power to hire, fire or control any of Franchisee’s personnel. Franchisee will be solely responsible for all hiring and employment decisions and functions relating to the Store, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies, including, without limitation, all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. Franchisee shall make all necessary filings with, and to pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required. Any guidance Franchisor may give Franchisee regarding employment policies should be considered merely examples. Franchisee will be responsible for establishing and implementing its own employment policies and should do so in consultation with local legal counsel experienced in employment law.

8.6 **Products and Services to be Offered for Sale.**

A. Franchisee acknowledges that the presentation of a uniform image to the public and the offering of uniform product lines is an essential element of a successful franchise system. In order to insure consistency, quality and uniformity throughout the System, Franchisee agrees (1) to sell or offer for sale only items, products and services that have been expressly approved for sale by Franchisor; (2) to sell or offer for sale all menu items, products and services required by Franchisor; (3) not to deviate from Franchisor's methods, standards and specifications regarding, without limitation, ingredients, methods of preparation and service, and weight, quality and dimensions of products served; and (4) to discontinue selling and offering for sale any menu items, products or services that Franchisor may, in its discretion, disapprove at any time. Franchisor shall assist Franchisee in obtaining items, products and services that conform to Franchisor's quality standards and specifications. Franchisor shall supply Franchisee with a list of Approved Suppliers from which Franchisee is required to purchase items, products or services for the Store. Franchisor may change this list from time to time, and upon notification to Franchisee, Franchisee shall only purchase items, products or services from Approved Suppliers as specified on the changed list. All of the packaging materials, paper and plastic products used in the operation of the Store that are available imprinted must be imprinted with the Marks and other insignias as prescribed by Franchisor from time to time. Franchisee agrees to keep the Store well stocked and be able at all times during business hours to provide customers with all menu items specified by Franchisor. Franchisor shall determine at its discretion whether Franchisee is adequately stocked.

B. In order to maintain consistency of product, quality, taste and identity of the "Gelatissimo" brand, Franchisee agrees that all products, except those products specifically approved in writing by Franchisor, must be purchased exclusively from Approved Suppliers.

C. If Franchisee proposes to offer for sale any items, products or services that have not been approved by Franchisor, Franchisee shall first notify Franchisor in writing and submit sufficient information, specifications and samples concerning such product and/or supplier and/or service for a determination by the Franchisor whether such product or supplier or service complies with the Franchisor's specifications and standards and/or whether such supplier meets the Franchisor's Approved Supplier criteria. Franchisor shall, within ninety (90) days, notify Franchisee whether or not such proposed product and/or supplier or service is approved, as determined in Franchisor's discretion. Franchisor reserves the right to charge Franchisee reasonable costs in connection with Franchisor's review, evaluation and approval of alternative suppliers. These charges may include reimbursement for travel, accommodations, meal expenses, and personnel wages. Franchisor may from time to time prescribe procedures for the submission of requests for approved products and/or suppliers or services and obligations that Approved Suppliers must assume (which may be incorporated in a written agreement to be executed by Approved Suppliers). Franchisor reserves the right to revoke its approval of a previously authorized supplier, product or service when Franchisor determines in its discretion that such supplier, product or service is not meeting the specifications and standards established by Franchisor. If Franchisor modifies its list of approved products, and/or suppliers and/or services, Franchisee shall not, after receipt in writing of such modification, reorder any product or utilize any supplier, product or service that is no longer approved.

D. Franchisee acknowledges and agrees that the offer or sale of any products or services not approved by Franchisor shall constitute a material breach of this Agreement.

E. Franchisee acknowledges and agrees that Franchisor may become an Approved Supplier for all gelato, ice cream, toppings, beverages, desserts, products, logo items, menu boards, in store signage and artwork, that Franchisor may derive income from the sale of such items, and that the price charged by Franchisor may reflect an ordinary and reasonable profit consistent with a business of the kind that produces and/or supplies such items.

F. Franchisee may only sell the products and services from the Store's Authorized Premises and may not use the internet or alternative channels of commerce to offer or sell the products and services unless permitted by Franchisor. Nothing in the foregoing shall prohibit Franchisee from obtaining customers over the Internet provided Franchisee's Internet presence and content comply with the requirements of this Agreement.

G. Franchisee acknowledges and agrees that Franchisor retains the right, in Franchisor's sole discretion, to offer products or services using the System and the Marks, or under a different format or brand name, in alternative channels of commerce, or in alternative methods of distribution, including, without limitation, distribution of products or services through supermarkets, grocery stores, convenience stores, gasoline stations, discount stores, kiosks, mobile kitchens, catering trucks, street vendor carts, stadiums, convention centers, concert halls, amusement parks, fair grounds, public gatherings, mail order facilities, internet based facilities, or onsite services for business locations.

8.7 **Compliance with Laws.**

A. Franchisee agrees to comply with all federal, state and local laws, rules, and regulations and shall as soon as practicable, but in any event prior to the opening for business of the Store, obtain all municipal and state permits, certificates or licenses necessary to operate the Store and shall file and publish, if required by applicable law, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee shall make all such permits, licenses and certificates available for inspection by representatives of Franchisor prior to the opening for business of the Store and thereafter at all times during Franchisee's business hours. Franchisee shall operate and maintain the Store in strict compliance with all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee agrees to provide immediately Franchisor with a copy of any notice received by Franchisee from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the Store. Franchisee must at all times be current in its knowledge and understanding of all laws as they relate to the operation of the Store. Franchisee hereby certifies and represents that Franchisee, and any of its affiliates, any of its partners, members, shareholders or other equity owners, and their respective employees, officers, directors representatives or agents, are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control. Franchisee hereby agrees to defend, indemnify and hold harmless Franchisor from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorneys' fees and costs, and interest on such fees, costs and expenses) arising from or related to any breach of the certifications set forth in this paragraph

B. Franchisee shall manage the Store and its staff in compliance with all laws, the Manual and any other written or oral communication to Franchisee as prescribed by Franchisor. Franchisee agrees to abide by all employment laws, including, without limitation, Title VII of the Civil Rights Act, Family and Medical Leave Act, Americans with Disabilities Act, Consolidated Omnibus Budget Reconciliation Act, Fair Labor Standards Act, all state wage and hour laws, Internal Revenue Code and the immigration laws. Franchisor may from time to time provide information or training to assist Franchisee in gaining knowledge about applicable laws, but this does not in any way relieve Franchisee of its full responsibility and sole obligation to comply with such laws.

C. Franchisee shall honor all credit, charge, courtesy and cash cards that Franchisor approves in writing. To the extent Franchisee stores, processes, transmits or otherwise accesses or possesses cardholder data in connection with the sale of products and services at the Store, Franchisee is required to maintain the security of cardholder data and adhere to the then-current credit card security standards which can be found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term of this Agreement. Franchisee is responsible for the security of cardholder data in its possession or control and the possession or control of any of its employees that Franchisee engages to process credit cards. At Franchisor's request, Franchisee agrees to provide appropriate documentation to Franchisor to demonstrate compliance by Franchisee and all its employees with the "Payment Card Industry Data Security Standard" ("**PCI DSS**") requirements. In the event of a breach or intrusion of or otherwise unauthorized access to cardholder data, Franchisee must immediately notify Franchisor in the manner required in the PCI DSS requirements and provide an approved third-party full access to conduct a thorough security review following a security intrusion. In the event of termination or expiration of this Agreement, Franchisee and its respective successors and permitted assigns shall ensure compliance with PCI DSS requirements even after expiration of this Agreement

8.8 **Operational Efforts**. Franchisee (or the Designated Operator) shall apply its best, full-time efforts to the development, management and operation of the Store and shall at all times, faithfully, honestly and diligently perform Franchisee's obligations as outlined in this Agreement. Franchisee may designate a Store Manager to assist in the direct, day-to-day, supervision of the operations of the Store. Franchisee (or the Designated Operator) and the Store Manager must satisfactorily complete the Initial Training Program and all additional training reasonably required by Franchisor. Franchisee agrees to keep Franchisor advised, in writing, of any manager involved in the operation of the Store and their contact information. Franchisee agrees to keep the Store opened for the hours stated in the Manual and as deemed appropriate by Franchisor.

8.9 **Good Standing**. Franchisee will be considered in "Good Standing" if Franchisee is not in default of any obligation to Franchisor or any of Franchisor's affiliates, whether arising under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor's affiliates), the Manual or other System requirements.

8.10 **Customer Complaints**. Franchisee must deal with complaints by customers of the Store in accordance with procedures specified by Franchisor in the Manual and/or otherwise communicated to Franchisee by Franchisor. Such complaints must be satisfied within seven (7) days of being notified of the customer complaint. If Franchisee cannot promptly resolve a complaint by a customer to the reasonable satisfaction of the customer, Franchisee must immediately refer the complaint to Franchisor in writing and at the cost of the Franchisee, comply with any direction given by Franchisor to the Franchisee in dealing with the complaint.

9. ADVERTISING

9.1 **General**. All advertising and promotion by Franchisee shall be clear and factual and not misleading and shall conform to the highest standards of ethical advertising and to advertising and promotion policies prescribed from time to time by Franchisor. Franchisee shall not use any advertising or promotional materials that have not been approved by Franchisor in writing. Franchisee shall not enter into any agreement with any advertising agency without the prior written approval of Franchisor, which may be withheld in Franchisor's discretion. Franchisee shall not advertise or use in advertising or in any other form of promotion the Marks of Franchisor without the Franchisor's written approval or without appropriate "©" or "®" copyright and registration marks or the designations "™" or "℠" where applicable. Franchisor may provide Franchisee with graphic designs, layouts and written copy for advertisements. Franchisee will be responsible to pay production costs for each item such as camera- ready ad slicks and typesetting of specific ads for the Store address. Franchisee is prohibited from advertising the Store in any manner on the Internet, World Wide Web or through any other electronic means without the prior written consent from Franchisor.

9.2. **No Warranty**. Franchisor does not warrant or represent that any of the advertising or promotional activities, materials or campaigns will be successful or will achieve any particular result.

9.3 **Advertising Fund.**

A. Franchisor will establish and administer an advertising**,** publicity and Advertising Fund (the "**Advertising Fund**") to promote the Gelatissimo Stores and the brand. Franchisee will be required to make an Advertising Fund Contribution of three percent (3%) of its Gross Sales (as defined in Section 5.4) to the Advertising Fund. Such Advertising Fund Contribution will be payable to Franchisor, monthly, as set forth in Section 5.5 of this Agreement. Upon thirty (30) days' notice to Franchisee, the Advertising Fund Contribution may be increased or decreased, at Franchisor's sole discretion, but shall not be higher than four percent (4%) of Franchisee's Gross Sales.

B. Franchisor has sole discretion over all matters relating to the Advertising Fund, and all related matters (consistent with its purposes and the provisions of this Agreement). The Advertising Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the Internet; administration expenses; legal fees incurred by or spent defending the Advertising Fund, brand/image campaigns; media; national, regional and other marketing programs; activities to promote current and/or future and the Brand; agency and consulting services; research, any expenses approved by Franchisor and associated with franchisee advisory groups (if any); and all or portions of the salaries, benefits or expenses of people Franchisor employs who work on Advertising Fund matters (except that such salaries, benefits or expenses will be charged pro rata based on the time they spend on Advertising Fund matters.) Among other things, Advertising Fund Contributions may be used for website development/operation and to pay Internet, Intranet, URL, 1-800 or similar number, and other charges, fees and/or expenses. A brief statement regarding the availability of Gelatissimo Franchises may be included in advertising and other items produced using the Advertising Fund.

C. Franchisor and/or any affiliate can provide goods, services, materials, etc. (including administrative services and/or "in-house advertising agency" services) and be compensated and/or reimbursed for the same by the Advertising Fund, provided that any such compensation must be reasonable in amount. Franchisor can arrange for goods, services, materials, etc. (including administrative services) to be provided by independent persons/companies and all related costs, fees, etc. will be paid by the Advertising Fund.

D. The Advertising Fund will be accounted for separately and may be used to pay all administrative and other costs of the Advertising Fund related to its activities and purposes and/or as authorized by the relevant Franchise Agreements. All taxes of any kind incurred in connection with or related to the Advertising Fund, its activities, contributions to the Advertising Fund and/or any other Fund aspect, whether imposed on Franchisor, the Advertising Fund or any other related party, will be the sole responsibility of the Advertising Fund. Franchisor will prepare financial statements for the Advertising Fund annually, which will be furnished to Franchisee upon written request. Such statements may be audited and any related accounting/auditing costs will be paid by the Advertising Fund. Funds in the Advertising Fund must be expended, prior to termination of the Advertising Fund, only for the purposes authorized by the relevant Franchise Agreement(s). No profit, gain or other benefit will directly accrue to Franchisor from the Advertising Fund. All interest earned on monies contributed to, or held in, the Advertising Fund will be remitted to the Advertising Fund and will be subject to the restrictions of the relevant Franchise Agreement(s).

E. Subject to the express requirements of this Agreement that contributions made by Franchisee will only be spent as authorized herein, Franchisee agrees that Franchisor may deny access to, and the benefits of, any and all programs and/or materials created by the Advertising Fund to any Gelatissimo Franchisee who is not in Good Standing.

9.4 **Local Advertising**. Local advertising is at the discretion of the Franchisee; provided, however, that (1) Franchisee agrees to spend a minimum of two percent (2%) of Franchisee's monthly Gross Sales for local advertising and promotional activities, and (2) Franchisee agrees to participate at Franchisee's cost in all promotions designated by Franchisor for the market in which the Store is located and shall be responsible for displaying all in-shop materials and the cost of products being promoted. Franchisor will provide report forms that Franchisee must complete each month and send to Franchisor to demonstrate that Franchisee has fulfilled its monthly requirement for local advertising expenditures. Franchisee agrees to submit copies of all local advertising and promotional activities material to Franchisor in advance and obtain written approval from Franchisor before using the advertising and promotional activities material. Franchisee must not promote or advertise the Store or its products outside Franchise's Protected Radius without the prior written consent of Franchisor.

9.5 **Franchisee Marketing Group(s) ("Co-Ops").** Franchisor may decide to form one or more associations and/or sub-associations of Gelatissimo Stores to conduct various marketing-related activities on a cooperative basis (a "**Co-Op**"). If one or more Co-Ops (local, regional and/or national) are formed covering Franchisee's area, then Franchisee must join and actively participate. Each Gelatissimo Store will be entitled to one (1) vote, but in order to vote the franchisee must be in Good Standing. Franchisee may be required to contribute such amounts as are determined from time to time by such Co-Ops.

9.6 **Franchisee Advertising Council**. Franchisor reserves the right, if necessary and in Franchisor's sole judgment, to establish a Franchisee Advertising Council. The Franchisee Advertising Council will be composed of an elected body of Gelatissimo franchisees for the purpose of providing the Franchisor with input on advertising and marketing issues. The Franchisee Advertising Council will operate under its own by-laws and will be purely advisory in nature and will have no operational or decision-making authority.

9.7 **Social Media Activities.** As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, LinkedIn, Instagram, and Twitter), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Angie's List), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Manual. Any use of Social Media by Franchisee pertaining to the Store must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Store on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Store that does not comply with this

Agreement or the Manual. Franchisee agrees to hire and use a marketing company, designated by Franchisor, that provides social media content management services to manage the local Facebook page for Franchisee's Gelatissimo Store. Franchisee is solely responsible for paying such designated marketing company for its social media management services.

10. FINANCIAL STANDARDS

10.1 **<u>Records and Reports</u>.** Franchisee shall maintain and preserve for four (4) years or such period as may be required by law (whichever is greater) from the date of their preparation such financial information relating to the Store as Franchisor may periodically require, including without limitation, Franchisee's sales and use tax returns, register tapes and reports, sales reports, purchase records, and full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor. Franchisee shall maintain its financial books and records with standard business accounting software (e.g., QuickBooks) or use a professional bookkeeper. Franchisee shall provide Franchisor with weekly, monthly, quarterly and annual reports, including Gross Sales reports, balance sheets and income statements prepared in accordance with generally accepted accounting principles, as set forth in the Manual. If requested by Franchisor, monthly financial statements shall be delivered to Franchisor within twenty-one (21) days following the end of each month, and the year-end financial statements shall be delivered to Franchisor within sixty (60) days after the end of Franchisee's fiscal year. Each report and financial statement submitted by Franchisee shall be verified as correct and signed by Franchisee. Franchisee shall immediately report to Franchisor any events or developments that may have a material adverse impact on the operation of the Store or Franchisee's performance under this Agreement. In addition, Franchisee shall submit to Franchisor copies of all sales tax and income tax returns relating to the Store and of each of the Principal Owners at the same time as the original is filed with the taxing authority. Franchisee agrees that its financial records shall be accurate and up-to-date at all times. Franchisee agrees to promptly furnish any and all financial information relating to the Store to Franchisor on request.

10.2 **<u>Right to Conduct Audit or Review</u>**. Franchisor shall have the right, in its sole determination, to require a review by such representative(s) as Franchisor shall choose, of all information pertaining to the Store including, without limitation financial records, books, tax returns, papers, and point-of-sale system of Franchisee at any time during normal business hours without prior notice for the purpose of accurately tracking unit and System-wide sales, sales increases or decreases, effectiveness of advertising and promotions, and for other reasonable business purposes. Such review will take place at the Store, and Franchisee agrees to provide all information pertaining to the Store requested by Franchisor during its review. If the review is done because of a failure by Franchisee to furnish reports, supporting records or other required information or to furnish the reports and information on a timely basis, Franchisee shall reimburse Franchisor for all costs of the audit or review including, without limitation, travel, lodging, wage expense and reasonable accounting and legal expense. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

10.3 **<u>Computer System, Equipment and Software</u>.**

A. Franchisee must acquire a computer for use in the operation of the Store. Franchisee shall install and use the electronic data processing and communications hardware and software, including voicemail, business management systems, and a point-of-sale ("**POS**") reporting system, as Franchisor may designate (collectively, the "**Computer System**"). Franchisee agrees to maintain broadband connection to the required Computer System and to any other specified points of connection according to Franchisor's standards and specifications. Franchisee must upgrade and maintain the computer hardware and software and the POS system in the Store, as required by Franchisor from time to time, and pay any fees associated with such upgrades. Franchisor reserves the right, at its sole discretion, to apply such upgrades or changes automatically and without notice in the event that Franchisee fails to promptly take action to operate the Store to required standards.

B. Franchisee agrees to record all of its receipts, expenses, invoices, customer lists, and other business information promptly in the Computer System and use the software and POS system that Franchisor specifies or otherwise approves. Franchisor reserves the right to change the Computer System, and the accounting, business operations, customer service and other software at any time. Franchisee is solely responsible for obtaining its own employee-scheduling software.

C. Data, including names, addresses, contact information, and credit card or payment information of customers of the Store will be captured on the required software, and will become the joint property of Franchisee and Franchisor during the Term of this Agreement. Franchisee will provide Franchisor with any passwords necessary to access the business information for the Store that is stored on the required software and online. Franchisor may use such information to communicate directly to the customers of the Store and to provide updates, information, newsletters, and special offers to the customers. Upon expiration or termination of this Agreement, Franchisee shall have no further access or rights to the customer information and Franchisor shall be the sole owner of such information.

D. Obtaining and operating the Computer System and the POS system and software will be the Franchisee's responsibility and expense. Franchisee agrees to provide Franchisor with an e-mail address for communication.

E. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 10.3 was periodically revised by Franchisor for that purpose.

F. Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and cyber-attacks by hackers and other unauthorized intruders, and Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures, or attacks.

G. Franchisee agrees to take all reasonable and prudent steps necessary to ensure that its and its customers' data is protected at all times from unauthorized access or use by a third party or misuse, damage or destruction by any person.

H. Franchisee must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Store

10.4 **Gift Card Program.** Franchisee agrees to participate in any gift card program instituted by Franchisor for all Gelatissimo Franchisees to sell, issue, or redeem gift cards (the "**Gift Card Program**"). Franchisee shall sell or otherwise issue Gelatissimo gift cards to its customers and honor all Gelatissimo gift cards presented at the Store as payment for products and services, regardless of whether the gift card was sold or issued by Franchisee or another Gelatissimo Store. When Franchisee sells or issues a gift card, Franchisee will keep the amount paid in its account until the gift card is redeemed. Franchisor will reconcile Franchisee's account with Franchisor by: (1) crediting Franchisee for the full value of all gift card transactions redeemed by Franchisee weekly from other Gelatissimo Stores that issued the gift cards; and/or (2) debiting Franchisee for the full value of each gift card sold at the Store but redeemed at a different location. Franchisee will pay Royalties on sales paid by redeemed gift cards in the Store. The Gelatissimo gift cards have no expiration date, therefore Franchisee will remain liable for each gift card sold at the Store upon it is redeemed for an undetermined amount of time. If this Agreement is terminated and not renewed, Franchisee must pay Franchisor the full value of any outstanding gift cards sold at the Store that were not redeemed before the termination of this Agreement.

10.5 **Insurance.**

A. Prior to the opening for business of the Store and throughout the entire term of this Agreement, Franchisee will keep in force at Franchisee's own expense and by advance payment of the premium, the following insurance coverage:

(1) Worker's compensation, employer's liability, and such insurance to meet statutory requirements;

(2) Commercial General Liability Insurance, Occurrence form, including a per location or project aggregate, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring Franchisee and Franchisor against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the Store including general aggregate coverage in the following limits:

Required Coverage	Minimum Limits of Coverage
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000
Damage to Rented Premises (each occurrence)	$100,000
Medical Expense (any one person)	$2,500

(3) "ALL RISK" or special property coverage of not less than current replacement cost of the Store's glass, equipment, fixtures and leasehold improvements sufficient in the amount to restore the Store to full operations; and

(4) Business interruption insurance with coverage for at least twelve (12) months for actual losses; (For purposes of this Agreement, "Gross Sales shall include any proceeds received by

Franchisee in connection with a "business interruption" insurance claim).

(5) If Franchisee has company-owned vehicles (e.g., van, food truck, etc.), automobile liability insurance for owned and non-owned automobiles including personal injury, wrongful death, and property damage with single limit coverage of at least One Million Dollars ($1,000,000).

(6) Cyber Liability Insurance with a minimum coverage amount as set forth in the Manual and/or as otherwise determined by Franchisor and communicated to Franchisee.

B. The insurance policies described above are minimum requirements and Franchisee may purchase and maintain additional insurance policies or insurance policies with greater coverage limits.

C. All insurance policies must be written by an insurance company licensed in the state in which Franchisee operates the Store. The insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide.

D. Franchisor reserves the right from time to time to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from Franchisor.

E. Franchisee's obligation to obtain and maintain the forgoing insurance policy or policies in the amounts specified shall not be limited by reason of any insurance that may be maintained by Franchisor nor relieve Franchisee of liability under the indemnity provisions set forth in this Agreement. Franchisee's insurance procurement obligations under this Section 10.5 are separate and independent of Franchisee's indemnity obligations.

F. Additional Insured Endorsement. All insurance shall name Franchisor as an additional insured, waive any subrogation rights or other rights to assert a claim back against Franchisor and shall contain a clause requiring notice to Franchisor thirty (30) days in advance of any cancellation or material change to any such policy. The "Additional Insured Endorsement" must be approved in writing by Franchisor and name Franchisor and its respective officers, directors, partners, members, affiliates, subsidiaries and employees as additional insureds. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20 26 or any other form approved in writing by Franchisor that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of Franchisor or other additional insureds. Franchisee shall maintain such additional insured status for Franchisor on its general liability policies continuously during the term of this Agreement.

G. The insurance policies described above are minimum requirements and Franchisee may purchase and maintain additional insurance policies or insurance policies with greater coverage limits. Franchisee shall provide Franchisor with copies of certificates of coverage, insurance policy endorsements, and other evidence of compliance with these requirements, at least annually, or as Franchisor periodically requires. Franchisee's failure to obtain or the lapse of any of the required insurance coverage shall be grounds for the immediate termination of this Agreement pursuant to Section 15.2, and Franchisee agrees that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be the sole responsibility of Franchisee and that Franchisee will hold Franchisor harmless from all such losses, claims and/or causes of action. In addition, but not to the exclusion of the foregoing remedy, if Franchisee fails to procure or maintain the required insurance, Franchisor shall have the right and authority, but not the obligation, to procure immediately the insurance and Franchisee shall reimburse Franchisor for the cost of the insurance plus reasonable expenses immediately upon written notice. Franchisee is required to submit to Franchisor a copy of a Certificate of Insurance, with Franchisor as an additional insured, showing compliance with the foregoing requirements at least thirty (30) days before Franchisee commences operation of the Store. Franchisor shall have a security interest in all insurance proceeds to the extent Franchisee has any outstanding obligations to Franchisor.

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1 **Independent Contractor**. The only relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor, that the business conducted by Franchisee is completely separate and apart from any business that may be operated by Franchisor and that nothing in this Agreement shall create a fiduciary relationship between them or constitute either Party as agent, legal representative, subsidiary, joint venturer, partner, employee, general contractor, servant or fiduciary of the other Party for any purpose whatsoever. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor, and Franchisee agrees to take such action including exhibiting a notice to that effect in such content, form and place as Franchisor may specify. It is further specifically agreed that Franchisee is not an affiliate of Franchisor and that neither Party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other Party. Neither Party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either Party that would create an implied or apparent agency or other similar relationship by and between the Parties.

11.2 **Indemnification**. Franchisee shall indemnify, defend and hold harmless Franchisor, its current and former affiliates, and their respective officers, directors and employees against any and all suits, claims, liabilities, costs and expenses, including, without limitation, attorneys' fees in any way relating to, arising out of or in conjunction with Franchisee's or Franchisee's employees' actions or inaction of the franchised business licensed hereunder. Franchisor reserves the right to appoint its own attorney. Franchisee waives and releases all claims against Franchisor for damages to property or injuries to persons arising out of the operation of the Store, including any such claims currently unknown to Franchisee and arising at any time during the term of this Agreement.

12. CONFIDENTIAL INFORMATION

12.1 **Franchisor's Confidential Information**.

A. Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the Store, including, without limitation, the Manual, Franchisor's training program, customer and supplier lists, recipes, or other information or know-how distinctive to the Store (all of the preceding information is referred to herein as the "Confidential Information") are considered to be proprietary and trade secrets of Franchisor. Franchisee agrees that all Confidential Information is to be held in the strictest of confidence during and after the term of this Agreement and is not to be divulged to anyone directly or indirectly at any time, except to the Store's employees with a need to know the information in order to operate the Store. Franchisee shall not acquire any interest in the Confidential Information other than the right to utilize it in the Store and agrees not to copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise make them available to any unauthorized person, nor use them in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall adopt and implement all reasonable procedures to prevent unauthorized use, duplication or disclosure of Franchisor's Confidential Information. If Franchisee or Franchisee's employees learn about an unauthorized use of any trade secret or confidential materials, Franchisee must promptly notify Franchisor. Franchisor is not obligated to take any action but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

B. Franchisee agrees that any new concept, process or improvement in the operation or promotion of the Store developed by or on behalf of Franchisee that relates to or enhances the System, or any aspect of Franchisor's business, shall be the sole property of Franchisor, and Franchisee shall promptly notify Franchisor and shall provide Franchisor with all necessary information and execute all necessary documents with respect thereto, without compensation. Franchisee acknowledges that Franchisor may utilize or disclose such information to other Franchisees. Franchisor may require that Franchisee and each of Franchisee's managers and employees execute covenants of confidentiality, in the form attached hereto as Exhibit 6, requiring that they do not disclose any Confidential Information.

12.2 **No Other Interests.** Franchisee further acknowledges that Franchisor would be unable to protect its Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the if Franchisor's Franchisees were permitted to hold an interest in other gelato, ice cream or frozen confection businesses and otherwise to compete with Franchisor. Therefore, during the term of this Agreement, Franchisee must comply with the competitive covenant provisions of Article 13 herein.

12.3 **Injunctive Relief.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section 16.2 herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

13. COVENANTS NOT TO COMPETE

13.1 **Non-Competition Covenants of Franchisee.** To prevent a conflict of interest and unfair competition based upon Franchisee's knowledge and use of the System, the Marks, and other Confidential Information, Franchisee, including all officers, directors, holders of beneficial interests of Franchisee, members, general partners, any limited partners and their respective spouses and immediate family members, covenant and agree, pursuant to this Agreement, that Franchisee, shall not without Franchisor's prior written consent, directly or indirectly, as an individual, owner, partner, stockholder, member, employer, employee, consultant, or in any other capacity, participate in or share the earnings or profits of any gelato, ice cream or frozen confection business, any gelato, ice cream or frozen confection marketing or consulting business, or any business offering products or services of a similar nature to those of the Gelatissimo Stores, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses: (i) during the term of this Agreement and any extensions or renewals, at any location other than the Store, (ii) for two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement anywhere within a five (5) mile radius of any Gelatissimo Store whether franchised or owned by Franchisor or any of Franchisor's affiliates, and (iii) for two (2) years after Franchisee has assigned its interest in this Agreement anywhere within a five (5) mile radius of any the Store whether franchised or owned by Franchisor or any of Franchisor's affiliates.

13.2 **Franchisor's Right to Offer or Sale Franchise to Employee of Franchisee.** Franchisee acknowledges that Franchisor has the right to offer to sell or to sell a Gelatissimo franchise to any employee of Franchisee.

13.3 **Covenants of Affiliates of Franchisee.** Upon Franchisor's request, Franchisee shall require the following persons to execute covenants, in the form attached hereto as Exhibit 7, similar to those set forth in this Article 13 (including covenants applicable upon the termination of a person's relationship with Franchisee): (1) all managers and field operations supervisors of Franchisee; (2) all officers, directors, members, partners, general partners, limited partners and holders of a beneficial interest of Franchisee; and (3) the spouse of each such person.

13.4 **Enforcement of Covenants.**

A. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in this Article 13 are reasonable and necessary to protect the legitimate interests of System and Franchisor. Franchisee further acknowledges and agrees that Franchisee's violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, (and interest on such fees, costs, and expenses) incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this Article 13, and it is necessary for Franchisor to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 13 is delayed.

B. Franchisee agrees that the provisions of this covenant not to compete are reasonable. If, however, any court should find this Article 13 or any portion of this Article 13 to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised.

C. Franchisor shall have the right, in Franchisor's discretion, to reduce the scope of any covenant not to compete set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as so modified.

14. TRANSFER OF INTEREST

14.1 **Franchisor's Approval Required.** All rights and interests of Franchisee arising from this Agreement are personal to Franchisee and except as otherwise provided in this Article 14, Franchisee shall not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber its interest in this Agreement, in the license granted hereby, in the assets of the Store, any of its rights hereunder, or in the lease for the premises at which the Store is located, and any purported sale, assignment, transfer, pledge or encumbrances shall be null and void. If Franchisee is a corporation, limited liability, partnership, or an individual or group of individuals, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the Percentage of Ownership Interest reflected in Section 17.9 of this Agreement must promptly be reported to Franchisor and is a "transfer" within the meaning of this Article 14.

14.2 **Right of First Refusal**.

A. No transfer by Franchisee shall be permitted nor be binding on Franchisor unless a written offer has been made to Franchisor of the proposed transfer. Franchisee shall provide Franchisor the following: (i) a purchase agreement or letter of intent signed by the proposed transferee and by Franchisee specifying all the terms and conditions of the offer, (ii) the name, address and telephone number of the proposed assignee, (iii) a copy of the most recent income statement and the income statement from the Store's last fiscal year end, (iv) financial statements of the proposed transferee, and (v) any other information or documents as may be reasonably be requested by Franchisor. Franchisor shall have thirty (30) days from receipt of all of the above information to accept the offer, by written notice to Franchisee, upon the same terms and conditions offered by the proposed transferee.

B. In the event that Franchisor does not exercise its right of first refusal and the offer changes in any way, or another offer is made to Franchisee, this new offer must also be presented to Franchisor. Franchisor has thirty (30) days to accept the new offer, by written notice to Franchisee, upon the same terms and conditions offered by the proposed transferee. Any offer that Franchisor does not match must be transacted within ninety (90) days from the date that Franchisor informs Franchisee of its intent not to exercise its right of first refusal. If the transaction does not take place within ninety (90) days, Franchisor has the right to re-evaluate and match the offer if it elects to do so by notice to Franchisee.

14.3 **Conditions for Approval of Transfer.** If the required offer has been made and the offer has not been accepted by Franchisor within the acceptance period, Franchisor shall not unreasonably withhold its approval of the transfer, provided that the prospective transferee, in Franchisor's reasonable judgment, is of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable to Franchisor's then current standards for franchisees, will devote best efforts to management of the Store, and further provided that the Franchisor shall require that the following conditions be met prior to or concurrently with the effective date of the transfer:

A. The transferee shall be approved in writing by Franchisor;

B. The transfer is upon terms and conditions that are not more favorable to the transferee than the terms and conditions offered to Franchisor;

C. Franchisee shall have satisfied all outstanding obligations, monetary or otherwise, of Franchisee to Franchisor and its affiliates;

D. Franchisee shall have substantially complied with all of the terms and conditions of this Agreement and any amendments hereof, and is not in default of any provision of this Agreement;

E. Franchisee, including all its shareholders, members or partners shall execute and deliver to Franchisor a general release, in a form prescribed by Franchisor, of all claims against Franchisor and its affiliates, officers, directors, shareholders, members, and their employees in their corporate and individual capacities;

F. If required by lease, the Lessor of the premises of the Store has consented to Franchisee's transfer or sublease of said premises, a copy of which consent shall be provided to Franchisor (which lease shall continue to have the riders or addenda protecting Franchisor's interest, as set forth in Section 7.2);

G. At the time the proposed transfer is first presented to Franchisor for approval or disapproval, Franchisee shall pay Franchisor a transfer fee in the amount of Ten Thousand Dollars ($10,000) ("**Transfer Fee**"), which will be used to defray expenses incurred by Franchisor in connection with the transfer, including without limitation, legal and accounting fees, overhead, credit and other investigation charges and evaluation of the transferee and terms of the transfer; and the Initial Training Fee set forth in Section 5.2, which will be used to help defray the expenses incurred by Franchisor in providing training to the new franchisee. The Transfer Fee is refundable if the proposed transfer is not approved by Franchisor. The new franchisee training fee is refundable prior to the commencement of training; after any training has commenced, the new franchisee training fee is not refundable;

H. Franchisee, including all its shareholders, members or partners shall execute an indemnity agreement regarding Franchisee's operations prior to the transfer and a confidentiality and non-competition covenant in favor of Franchisor and transferee in accordance with the provisions of Articles 12 and 13 herein, effective the date of the assignment;

I. Franchisee shall enter into an agreement with Franchisor agreeing to subordinate any obligations which transferee owes to Franchisee to the obligations which transferee owes to Franchisor, including, without limitation, any royalties/Flat Rate Fees and any advertising or marketing fees;

J. Franchisee and transferee may not create a security interest in any of the assets of the Store to be executed by the prospective transferee, unless the secured party agrees that in the event of a default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee;

K. Prior to the closing of the sale to the transferee, the transferee, and other individual(s) who will be supervisorial or managerial personnel of the Store must attend and satisfactorily complete Franchisor's initial training program (as specified in Section 6.3 of this Agreement) at a time and place designated by Franchisor, at the prospective transferee's sole cost and expense;

L. The transferee shall execute, for a term ending on the expiration date of this Agreement, Franchisor's then current standard form Franchise Agreement, which may materially differ from the terms of this Agreement; provided; however, that transferee shall not be required to pay an Initial Franchise Fee and that the Store provided for in this Agreement shall remain the same;

M. The transferee, including all current and future shareholders, members or partners that will become the new Franchisee shall personally guarantee performance of the Franchise Agreement in a form prescribed by Franchisor;

N. The transferee, at its expense, shall upgrade, refurbish and repair the Store as Franchisor may prescribe to conform to then-current standards and specifications of the System and shall complete the upgrade, refurbish and repair within a time specified by Franchisor; and

O. If transferee is a corporation or limited liability company, transferee shall have:

(1) All stock certificates representing shares in the corporation or evidence of ownership in the limited liability company, whichever is applicable, clearly indicating that they are subject to the terms of this Agreement;

(2) No new common or preferred voting shares in the corporation or similar interests in the limited liability company, whichever is applicable, can be issued to any person, trust, foundation, corporation or other entity without Franchisor's prior written approval;

(3) All shareholders, officers, directors and any beneficial owners of the transferee corporation, or all members or beneficial owners of the transferee limited liability company, whichever is applicable, must personally guarantee the corporation's or limited liability company's performance of its obligations under the Franchise Agreement;

(4) Transferee shall provide Franchisor with a copy of the fully-executed legal documents that reflect the formation of the business entity, including evidence of distribution of ownership; and

(5) Regardless of the foregoing, nothing contained herein shall be construed to permit Franchisee to disclose any Confidential Information to a prospective transferee without the express written consent of Franchisor.

14.4 **Permitted Transfers to a Corporation, LLC or Affiliate Company**. If Franchisee is an individual or partnership, and desires to assign and transfer its rights, assets and obligations under this Agreement to a corporation or limited liability company that is wholly-owned by Franchisee and formed for the convenience of ownership, it may if the following conditions are met:

A. Franchisee obtains Franchisor's prior written consent on Franchisor's form and execute Franchisor's form of general release in favor of Franchisor;

B. Franchisee's corporation or limited liability company is newly organized, and its activities are confined exclusively to acting as a Gelatissimo Franchisee under this Agreement;

C. Franchisee is in full compliance with this Agreement;

D. Franchisee is current in meeting all financial obligations to Franchisor and its affiliates;

E. Franchisee shall own and control all of the equity and voting power of all issued and outstanding stock of the transferee corporation or all of the equity and voting power of the limited liability company and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or limited liability company as he or she had in Franchisee prior to the transfer;

F. Franchisee actively manages the corporation or limited liability company and continues to devote his best efforts to the development and operation of the license and the business of the Store;

G. Franchisee executes a written assignment to said transferee corporation or limited liability company, and Franchisee and all shareholders of the transferee corporation or all members of the limited liability company, execute a document in a form prescribed by Franchisor in which they agree to remain jointly and severally liable for full payment and performance and all obligations under this Agreement;

H. Franchisee submits to Franchisor a copy of Franchisee's Articles of Incorporation, partnership documents, operating agreement, bylaws, or a copy of those fully-executed legal documents that reflect the formation of such entity, including evidence of distribution of ownership. Franchisee must also provide Franchisor with a certificate of good standing from the state where Franchisee's entity is formed;

I. No new common or preferred voting shares in said corporation, or any similar interests in said limited liability company, whichever is applicable, are issued to any person, partner, partnership, trust, foundation, corporation, limited liability company or other entity of any kind without Franchisor's prior written consent, which consent will not be unreasonably withheld, and then only upon disclosure of the terms and conditions contained herein being made to the prospective new holders of the stock or membership interests, whichever is applicable; and

J. The corporate or limited liability company name of Franchisee's business entity may not include the word "Gelatissimo" or any of the Marks licensed under this Agreement.

K. If all of the above conditions are met and transfer to said corporation or limited liability company is approved by Franchisor, the Transfer Fee shall be waived in this transaction only, and the Initial Training Fee for the new franchisee shall be waived only if no new management personnel of Franchisee requires the completion of the Initial Training Program provided by Franchisor.

14.5 **Death or Disability of Franchisee**. In the event of the death or disability of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner of a Franchisee which is a partnership, or a member of a Franchisee which is a limited liability company, the transfer of Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, must occur within six (6) months of the death or disability, but, shall not be deemed a transfer by Franchisee (provided that the responsible supervisorial or managerial personnel or agents of Franchisee have satisfactorily completed the Initial Training Program) nor obligate Franchisee to pay any Transfer Fee (provided, however, the Initial Training Fee shall be payable if there is to be new management of the Store who have not previously received the initial training provided by Franchisor) nor give rise to Franchisor's right of first refusal, although such refusal right or obligation to pay shall apply to any proposed transfer by such heirs, trust, personal representative or conservators; provided however, if Franchisor determines (I) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the Store, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and commence operating the Store on behalf of Franchisee. Franchisee shall be obligated to and shall pay to Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses of the Franchisor appointed manager. Operation of the Store during any such period shall be for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee or its owners for any debts, loses or obligations incurred by the Store, or to any creditor of Franchisee for any supplies, inventory, equipment, furniture, fixtures or services purchased by the Store during any period in which it is managed by a Franchisor appointed manager. Franchisor may, in its sole discretion, extend the six (6) month period of time for completing a transfer contemplated by this Section.

14.6 **Relocation**. Upon Franchisor's prior written consent, Franchisee may relocate the Store within the Protected Area during the Term at Franchisee's own expense if:

A. without the fault of Franchisee, the lease or sublease terminates prior to the expiration of the Term or the premises are, in the sole opinion of Franchisor, damaged, condemned or otherwise rendered unusable;

B. Franchisee is released by the Lessor from all of its obligations to the Lessor of the premises and the Lessor releases any security held;

C. Franchisee secures a lease or sublease for suitable substitute premises (the "**Alternative Premises**") for operation of the Store on terms and conditions suitable to Franchisor in its absolute discretion;

D. the Alternative Premises is fitted out at the cost of Franchisee and otherwise in accordance with Sections 7.1 and 7.3, above; and

E. Franchisee must execute a general release in the form and substance satisfactory to Franchisor.

Franchisor will consent to or reject Franchisee's relocation application in accordance with Franchisor's then-current relocation and closure policy. If the Store is temporarily closed pending relocation, Franchisee may not assign any interest in the franchise to another party or entity until such time as the Store is once again in operation, as determined by Franchisor. Any such relocation shall be at Franchisee's sole expense and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor, and a reasonable fee for its services, in connection with any such relocation.

If Franchisor does not approve any Alternative Premises or if Franchisee is unable to negotiate a new lease or sublease pursuant to Section 6.1 of this Agreement within ninety (90) days after the Store ceases to operate from the Authorized Premises, Franchisor may terminate this Agreement by written notice to Franchisee. Franchisor is not required to pay any compensation to Franchisee or any other person in respect of the termination.

14.7 **Transfer by Franchisor**. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity, directly or indirectly, by merger, assignment, pledge or other means.

15. DEFAULT AND TERMINATION OF AGREEMENT

15.1 **Termination of Franchise by Franchisee**. If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure or remedy such breach within ninety (90) days after written notice thereof delivered from Franchisee, Franchisee may terminate this Agreement. Such termination will be effective thirty (30) days after delivery to Franchisor of notice that such breach has not been cured or remedied and Franchisee elects to terminate this Agreement. A termination by Franchisee for any other reasons shall be deemed a termination by Franchisee without cause.

15.2 **Termination of Franchise by Franchisor**. Franchisor shall have the right to terminate this Agreement for "good cause" upon delivering notice of termination to Franchisee. For purposes of this Agreement, "good cause" shall include, without limitation: (i) a material breach of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, and (iii) the breaches set forth below:

A. **Immediate Termination**. Franchisee shall be deemed to be in default and Franchisor may terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, and such termination shall be for good cause where the grounds for termination are:

(a) Franchisee has made any material misrepresentation or omission in applying for the franchise or in executing or performing under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;

(b) Franchisee becomes insolvent by reason of Franchisee's inability to pay debts as they become due, or makes an assignment for the benefit of creditors or makes an admission of Franchisee's inability to pay obligations as they become due;

(c) Franchisee files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against Franchisee or a receiver is appointed for Franchisee's business, or a final judgment remains unsatisfied or of record for 30 days or longer; or if Franchisee is a corporation, limited liability company or partnership, Franchisee is dissolved;

(d) Franchisee voluntarily abandons or discontinues to actively operate the Store for two (2) business days or more in any twelve (12) month period, and it is readily apparent that Franchisee has closed or abandoned the store and has discontinued operations;

(e) Franchisee or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the System or the goodwill associated with the Marks;

(f) Franchisee makes an unauthorized direct or indirect transfer or attempted or purported transfer of this Agreement, or makes an unauthorized direct or indirect transfer or attempted or purported transfer of an ownership interest in the Franchise, or fails or refuses to transfer the Franchise or the interest in the Franchise of a deceased or disabled controlling owner thereof as required;

(g) Franchisee falsifies any financial reports or records required to be provided by Franchisee to Franchisor under this Agreement;

(h) Franchisee's disclosure, utilization, or duplication of any portion of the System, the Manual or other proprietary or Confidential Information relating to the Store that is contrary to the provisions of this Agreement;

(i) Franchisee violates any health or safety law, ordinance or regulation or operates the Store in a manner that presents a health or safety hazard to its customers or to the public;

(j) Franchisee fails to obtain lawful possession of an acceptable location and to open for business as the Store within six (6) months after this Agreement is accepted by Franchisor;

(k) Franchisee defaults under the lease agreement or otherwise loses the right to possess the premises at the location at which the Store is located;

(l) Franchisee fails to comply with the covenants not to compete as required in Article 13 herein; or

(m) Franchisee, after curing a default pursuant to Section 15.2 B., herein, commits the same act of default again within any twelve (12) consecutive month period whether or not such default is cured after notice thereof is delivered to Franchisee, or if Franchisee received three (3) or more default notices from Franchisor within any twelve (12) consecutive monthly period whether or not such defaults were related to the same problem or were cured after notice thereof was delivered to Franchisee.

B. **Termination with Notice**. In addition to the provisions of Section 15.2 A., if Franchisee shall be in default under the terms of this Agreement and the default shall not be cured or remedied (to Franchisor's satisfaction) within thirty (30) days after receipt of written notice from Franchisor (and 10 days prior notice in the event of a default described in Subsections (f), (g) and (h) below), in addition to all other remedies available to Franchisor at law or in equity, Franchisor may immediately terminate this Agreement. If any such default is not cured within the specified cure period, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the cure period. Franchisee shall be in default, and each of the following shall constitute good cause for termination under this Agreement:

(a) Failure, refusal or neglect by Franchisee to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement;

(b) The commission by Franchisee of any act or practice that impairs or imminently threatens to impair the goodwill associated with the Marks, as determined by Franchisor;

(c) Franchisee's failure to comply with any provision of this Agreement that does not otherwise provide for immediate termination, or Franchisee's bad faith in carrying out the terms of this Agreement;

(d) Failure by Franchisee to maintain books and financial records for the Store suitable for proper financial audit or failure by Franchisee to permit Franchisor to carry out its rights to conduct an inspection or audit as provided in this Agreement or failure by Franchisee to submit as required by this Agreement all reports, records and information of the Store;

(e) Franchisee and, if Franchisee has elected not to directly supervise “on-premises” the day-to-day shop operations, Franchisee’s supervisorial or managerial personnel fail to complete, to Franchisor’s satisfaction, the initial training program as provided in this Agreement;

(f) Franchisee fails to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the Store;

(g) Franchisee fails to pay when due any amounts owing to any person or entity in connection with the construction, leasing, financing, operation or supply of the Store;

(h) Franchisee closes any bank account without completing all of the following forthwith after such closing: (i) immediately notifying Franchisor thereof in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by electronic funds transfer as Exhibit 2 to this Agreement permits;

(i) Franchisee fails to maintain or suffers cancellation of any insurance coverage required under this Agreement;

(j) Any transfer or attempted transfer by Franchisee or any partner, member or shareholder in Franchisee of any rights or obligations under this Agreement to any third party without the prior written consent of Franchisor;

(k) Franchisee fails to obtain execution of the confidentiality and non-competition covenants as required in Articles 12 and 13 herein;

(l) Franchisee fails to execute any exhibits, addendum, attachments, or agreements to this Agreement requiring Franchisee’s signature;

(m) Franchisee offers in conjunction with the operation of the Store products or services that have not been approved by Franchisor;

(n) If Franchisee, by act or omission, permits a continued violation in connection with the operation of the Store of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief there from;

(o) Franchisee fails to comply with any provisions, standards or procedures prescribed by Franchisor in the Manual or otherwise in writing; or

(p) Franchisee failures to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the business as established by Franchisor.

15.3 **Cross-Default.** If there are now, or hereafter shall be, other Franchise Agreements or any other agreements in effect between Franchisee and Franchisor and/or any of Franchisor's affiliates, a default by Franchisee under the terms and conditions of this or any other such agreement, shall at the option of Franchisor, constitute a default under all such agreements.

15.4 **State Laws.** Notwithstanding anything to the contrary in this Article 15, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the Parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected shall be amended only to the extent necessary to bring it within the requirements of the law or regulation.

15.5 **Subsequent Defaults.** The description of any default in any notice served by Franchisor hereunder upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination thereof.

15.6. **Obligations of Franchisee Upon Termination, Expiration or Non-Renewal.** Immediately upon termination, expiration or non-renewal of this Agreement for any reason:

A. All rights, privileges and licenses granted by Franchisor to Franchisee shall immediately cease and be null and void and of no further force and effect, and all such rights, privileges and licenses shall immediately revert to Franchisor;

B. Franchisee shall cease to be an authorized Gelatissimo franchise owner, and unless Franchisor exercises its rights under Section 15.6.I. shall immediately, at its own expense, remove all signs, obliterate or remove all letterheads, labels or any other item or form of identification that would in any way link or associate Franchisee, its goods and/or services with Franchisor, and shall immediately cease to use, in any manner, the Marks, System and any other copyrighted information or materials or any confidential information Franchisee obtained as a result of the franchise granted to Franchisee;

C. Franchisee shall immediately terminate all advertising and promotional efforts and any other act that would in any way indicate that Franchisee is or was ever an authorized Gelatissimo Franchisee;

D. Franchisee shall cancel any assumed name of Franchisee or equivalent registration that contains any Proprietary Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination, expiration or non-renewal of this Agreement;

E. Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any trade dress or designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor;

F. Franchisee shall pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable legal fees, incurred by Franchisor as a result of the default;

G. Franchisee shall comply with the covenants set forth in Articles 12 and 13 of this Agreement; and

H. Franchisee shall, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease for the premises of the Store;

I. (1) Upon the termination, expiration or non-renewal of this Agreement by Franchisor or Franchisee for any reason, Franchisor shall have the option**,** exercisable by giving written notice thereof within thirty (30) days from the date of such termination, expiration or non-renewal to purchase any and all inventory, equipment, furniture, fixtures, signs, sundries and supplies owned by Franchisee and used in the Store, at the lesser of (i) Franchisee's cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs) or (ii) fair market value of such assets, less (in either case) any outstanding liabilities of the Store. In addition, Franchisor shall have the option to assume Franchisee's lease for the lease location of the Store, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as Franchisee's lease. No value will be attributed to the value of the Marks or the system or to the assignment of the lease (or sublease) for the premises or the assignment of any other assets used in conjunction with the Store, and Franchisor will not be required to pay any separate consideration for any such assignment or sublease.

(2) If the Parties cannot agree on fair market value within thirty (30) days of Franchisor's notice of intent to purchase, fair market value shall be determined by an experienced, professional and impartial third-party appraiser without regard to goodwill or going concern value, designated by Franchisor and acceptable to Franchisee, whose determination shall be final and binding on both parties. The cost of such appraisal shall be borne equally by Franchisor and Franchisee. If the Parties cannot agree upon an appraiser one shall be appointed by the American Arbitration Association, upon petition of either Party.

(3) Franchisor shall have the right to withhold from the purchase price funds sufficient to pay all outstanding debts and liabilities of Franchisee and the Store and to pay such debts and liabilities from such funds. If such liabilities exceed the purchase price of the inventory, equipment, furniture, fixtures and signs, Franchisor shall apply the purchase price in such a manner as Franchisor, in its own discretion, shall determine. In no event, however, shall Franchisor become liable for any of the debts and liabilities of Franchisee or the Store and Franchisee shall remain responsible for all outstanding debts and liabilities of the Store that remain unsatisfied subsequent to the distribution by Franchisor of the purchase price of the funds. The purchase price shall be paid in cash at the closing of the purchase,

which shall take place no later than ninety (90) days after receipt by Franchisee of Franchisor's notice of exercise of this option to purchase the inventory, equipment, furniture, sundries and signs at which time Franchisee shall deliver instruments transferring to Franchisor or its nominee: (1) good and merchantable title to the inventory, equipment, furniture, sundries and signs purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Franchisee; and (2) all licenses and permits which may be assigned or transferred. In the event that Franchisee cannot deliver clear title to all of the inventory, equipment, furniture, sundries and signs purchased as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow arrangement. Further, Franchisee and Franchisor shall, prior to closing, comply with the applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Store is located. If Franchisor exercises this option to purchase the inventory, equipment, furniture, fixtures, sundries and signs pending the closing of such purchase as herein above provided, Franchisor shall have the right to appoint a manager to maintain the operation of the Store, in accordance with the relevant provisions of Article 14 hereof. Alternatively, Franchisor may require Franchisee to close the Store during such time period without removing therefrom any inventory, equipment, furniture, sundries and signs. Franchisee shall maintain in force all insurance policies required by Article 10 hereof until the date of closing.

J. (1) Franchisee shall furnish to Franchisor within thirty (30) days after the effective date of termination, expiration or non-renewal evidence satisfactory to Franchisor of Franchisee's compliance with all obligations under this Section 15.6**;**

(2) Termination, expiration or non-renewal of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against Franchisee, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

15.7 **Franchisor's Rights and Remedies in Addition to Termination.** If Franchisee shall be in default in the performance of any of its obligations or breach any term or condition of this Agreement, in addition to Franchisor’s right to terminate this Agreement, and without limiting any other rights or remedies to which Franchisor may be entitled at law or in equity, Franchisor may, at its election, immediately or at any time thereafter, and without notice to Franchisee cure such default for the account of and on behalf of Franchisee including, without limitation, entering upon and taking possession of the Store and to taking in the name of Franchisee, all other actions necessary to effect the provisions of this Agreement and any such entry or other action shall not be deemed a trespass or other illegal act, and Franchisor shall not be liable in any manner to Franchisee for so doing, and Franchisee shall pay the entire cost thereof to Franchisor on demand, including reasonable compensation to Franchisor for the management of the Store.

16. RESOLUTION OF DISPUTES

16.1 **Mediation, Mandatory Binding Arbitration, and Waiver of Court Trial.** Franchisee and Franchisor believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. Franchisee and franchisor have agreed that the provisions of this Section 16 support these mutual objectives and, therefore, agree as follows:

A. **Claim Process**. Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where Franchisee is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Franchisee and Franchisor on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("**Claim**") will be processed in the following manner, Franchisee and Franchisor each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 16.1 D.

(i) First, discussed in a face-to-face meeting held within thirty (30) days after either Franchisee or Franchisor gives written notice to the other proposing such a meeting.

(ii) Second, if not resolved, submitted to non-binding mediation. Franchisee and Franchisor will split the costs and each will bear their own expenses of any mediation. Any mediation/arbitration will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. If both Franchisee and Franchisor do not want to participate in mediation, then they may proceed to arbitration as provided below.

(iii) Third, submitted to and finally resolved by binding arbitration before a single arbitrator in the county where Franchisor's then-current headquarters is located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction. Any dispute arising out of or in connection with this arbitration provision, including any question regarding its existence, validity, scope, or termination shall be referred to and finally resolved by arbitration.

B. **Confidentiality**. The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

C. **Fees and Costs**. The parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the party who does not prevail.

D. **Disputes Not Subject to the Mediation/Arbitration Process**. Claims or disputes relating primarily to (a) the validity of the Marks and/or any intellectual property licensed to Franchisee, and (b) injunctive relief for health and safety issues and violations, may be subjected to court proceedings, at Franchisor's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any intellectual property licensed to Franchisee and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Claim Process outlined above.

E. **Intentions of Franchisee and Franchisor**. Franchisee and Franchisor mutually agree (and have expressly had a meeting of the minds) that, notwithstanding any contrary provisions of state, federal or other law, and/or any statements in Franchisor's Franchise Disclosure Document required by a state or the Federal government as a condition to registration or for some other purpose:

(i) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.)

and the federal common law of arbitration and exclusive of state statutes and/or common law;

(ii) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring Claims;

(iii) Franchisee and Franchisor intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(iv) **Franchisee and Franchisor each knowingly waive all rights to a court trial** (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and

(v) the terms of this Agreement (including but not limited to this Section 16) shall control with respect to any matters of choice of law. Nothing in this or any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document it furnished to Franchisee.

16.2 **Venue.** Without in any way limiting or otherwise affecting the obligations of Franchisee and Franchisor under Section 16.1 above, Franchisee and Franchisor agree that any litigation will be brought in a court of competent jurisdiction in the county where Franchisor's then-current headquarters is located.

16.3 **Choice of Laws.** Franchisee and Franchisor agree on the practical business importance of certainty as to the law applicable to their relationship and its possible effect on the development and competitive position of the System. Therefore, Franchisee and Franchisor also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning Franchisee and Franchisor, will be governed by, and construed and enforced in accordance with, the laws of ***[Insert Franchisor's State]***; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall not apply unless that state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section 16.3. Franchisee and Franchisor agree that this provision shall be enforced without regard to the laws of ***[Insert Franchisor's State]*** relating to conflicts of laws or choice of law.

16.4 **Binding Effect, Modification.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified or supplemented except by means of a written agreement signed by both Franchisee and Franchisor's President or one of Franchisor's Vice Presidents. However, Franchisee and Franchisor understand and agree that changes to the Manual made in accordance with this Agreement are binding and do not require any acceptance by Franchisee, written or otherwise, to be effective and enforceable. No other officer, field representative, salesperson or other person has the right or authority modify this Agreement, or to make any representations or agreements on Franchisor's behalf, and any such modifications, representations and/or agreements will not be binding.

16.5 **Non-Retention of Funds.** Neither party has the right to offset or withhold payments of any kind owed or to be owed to the other against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an arbitration award, or as expressly provided otherwise in this Agreement.

17. MISCELLANEOUS PROVISIONS

17.1 **Severability**. Except as provided in Section 13.4, each article, section, paragraph, term and provision of this Agreement, or any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect and bind the Parties hereto, although the invalid portion shall be deemed not part of this Agreement from the time so directed by the court.

17.2 **Waiver and Delay**. Franchisor and Franchisee may, by written instrument, unilaterally waive any obligation or restriction upon the other under this Agreement. No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist upon strict compliance by Franchisee with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and the right of Franchisor to demand exact compliance with this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Franchisor of any payment(s) due it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

17.3 **Rights of Parties Are Cumulative.** The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by the Franchisor or Franchisee of any right or remedy under this Agreement shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy under this Agreement or which Franchisor or Franchisee is entitled by law to enforce.

17.4 **Parties Affected**. This Agreement binds the Parties and, subject to Article 14, their successors and assigns. No person may acquire from Franchisee any interest in this Agreement except in accordance with Article 14. If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities to Franchisor of each such person or entity are joint and several. Each shareholder or equity owner of a five percent (5%) or greater interest in Franchisee must sign the guaranty of this Agreement designated by Franchisor, in the form attached as Exhibit 4 to this Agreement.

17.5 **Designation of Responsible Parties**. Franchisee represents and warrants to Franchisor that the list below states: (i) the name, mailing address and equity interest of each person holding any shares or other form of ownership, or security interest convertible into an equity interest, in Franchisee, showing percentage of ownership held by each and (ii) the name and mailing address of the individual(s) who will be the principal franchisee-operator(s) (the "**Designated Operator(s)**") of the business franchised hereunder. The Designated Operator(s) (there may be up to two such individuals but only one address to which Franchisor communicates regarding the franchise) named has the authority to act for Franchisee in all matters relating to the Store, including voting responsibilities. Only those individuals who are Party to this Agreement and have an ownership interest in the franchise entity may be listed as a Designated Operator(s). Franchisee shall promptly notify Franchisor of any change in any such information. Any change in the Designated Operator(s) or in shareholder information is subject to Article 14 and the training requirements of this Agreement:

Franchisee is a ☐ ____________________________, organized under the laws of the state of __________________________, or ☐ Franchisee is an individual or group of individuals, and hereby represents and warrants that the information stated below is true and accurate as of the date set forth below:

Shareholder, Partner, Member or Individual Name and Address	**Percentage of Ownership Interest**
______________________________ ______________________________ ______________________________	____________
______________________________ ______________________________ ______________________________	____________

Designated Operator(s): _________________________________

17.6 **Franchisor's Discretion**. Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the Gelatissimo Franchise network and may not be in the best interest of Franchisee as an individual franchise owner.

17.7 **Titles for Convenience Only.** Paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

17.8 **Gender.** All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

17.9 **Counterparts.** This Agreement may be executed in any number of copies, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

17.10 **Notices**.

A. All notices which the Parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

If to Franchisor:

____
____
____
Attention: ________________________

If to Franchisee:

____
____
____
Attention: _______________________

B. The addressees herein given for notices may be changed at any time by either Party by written notice given to the other Party as herein provided. Notices delivered by certified or registered mail shall be deemed to have been given three (3) business days after postmark by United States Postal Service, or the next business day after deposit with reliable overnight delivery service or when delivered by hand.

17.11. **Further Assurances.** The parties to this Agreement agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Agreement.

17.12 **Time is of the Essence.** Franchisor and Franchisee agree that time is of the essence with respect to all terms and conditions in this Agreement.

17.13 **Consumer Price Index**. Amounts specified as being subject to inflation adjustment may be adjusted by Franchisor annually in Franchisor's Business Judgment in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any Successor index) as compared to the previous year. Franchisor is not required to adjust any amounts downward. Franchisor will notify Franchisee of any such percentage increase adjustment.

17.14 **No Recourse Against Nonparty Affiliates.** All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement ("**Contracting Parties**"). No person who is not a Contracting Party, including without limitation any past and present director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing ("**Nonparty Affiliates**"), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of prospective third-party beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other person or entity.

17.15 **Third-Party Beneficiary**. Franchisee acknowledges and agrees that all of Franchisor's rights and all of Franchisee's obligations under this Agreement insure to the benefit of Master Franchisor, Gelatissimo USA LLC, and that it has a third-party beneficiary interest in this Agreement. Gelatissimo USA LLC has the right but not the obligation to enforce any provision of this Agreement if Master Franchisee fails to properly and promptly do so. Upon termination or expiration of the term of the Master Franchise Agreement between Gelatissimo USA LLC and Franchisor for any reason, this Agreement will remain in effect and Franchisor's interest in this Agreement may be automatically assigned to and assumed by Gelatissimo USA LLC at its sole discretion. Franchisee agrees to be bound by the assignment upon receipt of notice from Gelatissimo USA LLC of the effective date of such assignment.

18. ACKNOWLEDGMENTS

18.1 THE SUBMISSION OF THE AGREEMENT DOES NOT CONSTITUTE AN OFFER AND THIS AGREEMENT SHALL BECOME EFFECTIVE ONLY UPON THE EXECUTION HEREOF BY THE FRANCHISOR AND THE FRANCHISEE. THE DATE OF EXECUTION BY THE FRANCHISOR SHALL BE CONSIDERED TO BE THE DATE OF EXECUTION OF THIS AGREEMENT.

18.2 THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR.

19. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the Parties concerning the granting, awarding and licensing of Franchisee as an authorized Gelatissimo Franchisee at the Authorized Premises, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the Parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing. This Agreement does not alter agreements between Franchisor and Franchisee for other locations. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth below to be effective upon execution by Franchisor.

FRANCHISOR
[Insert Name of Franchisor]

By:_______________________________

Print Name: _______________________

Title: ____________________________

Date Accepted: ___________________

FRANCHISEE

If Franchisee is an individual:

Signature:________________________

Print Name: ______________________

Date: ___________________________

Signature: ________________________

Print Name: ______________________

Date: ____________________________

If Franchisee is a corporation or other entity:

____
[Name of Franchisee]

By: _____________________________

Print Name: ______________________

Title: ___________________________

Date: ___________________________

EXHIBIT 1 TO
THE GELATISSIMO FRANCHISE AGREEMENT

THE AUTHORIZED PREMISES AND PROTECTED RADIUS

This Addendum is made to the Gelatissimo Franchise Agreement dated ______________________ (the "**Franchise Agreement**") between ___________________________________ ("**Franchisor**") and ____ ("**Franchisee**").

1. **Preservation of Agreement.** Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

2. **Authorized Premises.** The parties hereto agree that the Authorized Premises referred to in Section 1.2 of the Franchise Agreement shall be the following address:
____
____

3. **Protected Radius.** The parties hereto agree that Franchisee will receive a non-exclusive protected radius of_______________________ around the Authorized Premises.

This Addendum is agreed to and accepted by the Parties this ___ day of ___________________ 20___.

FRANCHISOR:

By: ______________________________

Print Name: _______________________

Title: _____________________________

FRANCHISEE:

By: ______________________________

Print Name: _______________________

Title: _____________________________

By: ______________________________

Print Name: _______________________

Title: _____________________________

EXHIBIT 2 TO
THE GELATISSIMO FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AGREEMENT

This Electronic Funds Transfer Agreement (this "Agreement") is made on this ___day of _____________________, 20__ by and between ________________________________ ("**Franchisor**"), and ____ ("**Franchisee**").

Whereas, Franchisor and Franchisee are parties to The Gelatissimo Franchise Agreement executed on even date herewith (the "**Franchise Agreement**") and desire to enter into an Addendum to the Franchise Agreement;

Now, therefore, in consideration of the mutual promises contained herein and as an inducement to Franchisor to execute the Franchise Agreement, the Parties agree as follows:

A. Franchisee shall pay any and all fees and other charges in connection with this Addendum and the Franchise Agreement (including, without limitation, the Royalty Fees, Advertising Fund Contributions, and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively "**electronic funds transfers**" or "**EFT**"'), and Franchisee shall undertake all action necessary to accomplish such transfers.

B. Upon execution and delivery of this Agreement, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached as Exhibit 3 to the Franchise Agreement, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing Franchisor directly to Franchisor's bank account(s). Upon Franchisor's request, Franchisee shall deliver to Franchisor all additional information that Franchisor deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Addendum) in connection with such EFT.

C. By executing this Addendum, Franchisee authorizes Franchisor to withdraw funds at such days and times as Franchisor shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Addendum, as described in Section A., above. Franchisee authorizes monthly ACH debits via EFT based on an amount equal to the total monthly amount(s) due Franchisor, as set forth in Section 5 of the Franchise Agreement.

D. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by Franchisor, including, without limitation, any and all service charges and other fees arising in connection with any EFT by Franchisor not being honored or processed by Franchisee's bank for any reason and a Fifty Dollar ($50) charge by Franchisor for processing the EFT. Upon written notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under the Franchise Agreement and/or this Addendum directly to Franchisor by check or other non-electronic means in lieu of EFT at Franchisor's discretion. It shall be a non-curable event of default under Article 15 of the Franchise Agreement if Franchisee closes any bank account without completing all of the following forthwith after such closing: (1) immediately notifying Franchisor thereof in writing, (2) immediately establishing another bank account, and (3) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by EFT as this Addendum permits.

E. Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

F. Wherefore, the Parties have set forth their hand and seal on the day and date first above written.

FRANCHISOR:

By: ______________________________

Print Name: _______________________

Title: ____________________________

FRANCHISEE:

By: ______________________________

Print Name: _______________________

By: ______________________________

Print Name: _______________________

EXHIBIT 3 TO
THE GELATISSIMO FRANCHISE AGREEMENT

ELECTRONIC DEBIT AUTHORIZATION

FRANCHISOR: ______________________________________
FRANCHISOR ID NUMBER: ____________________________

The undersigned hereby authorizes Franchisor, as defined above, to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "**Depository**"), to debit the same to such account.

Depository Name:	____
Branch:	____
City State and Zip Code:	____
	____
Transit/ABA No.:	____
Account Number:	____

This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by Franchisor.

This authorization further confirms my understanding of Exhibit 2 to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the term of the Franchisee Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify Franchisor thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us in order to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.

DATE: ____

ID NUMBER: ____

PRINT NAME(S):	SIGNATURE(S):
______________________________	______________________________
______________________________	______________________________

EXHIBIT 4 TO
THE GELATISSIMO FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to ____________________________ ("**Franchisor**") to execute the Gelatissimo Franchise Agreement (the "**Franchise Agreement**"), of even date herewith, by and between Franchisor and ______________________ or his assignee, if a partnership, corporation or limited liability company is later formed ("**Franchisee**"), _________________ ("**Guarantor(s)**"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Franchisee of each obligation undertaken by Franchisee under the terms of the Franchise Agreement, including all of Franchisee's monetary obligations arising under or by virtue of the Franchise Agreement.

Upon demand by Franchisor, Guarantor(s) will immediately make each payment required of Franchisee under the Franchise Agreement. Guarantor(s) hereby waives any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of Guarantor(s) under this Guarantee, Indemnification and Acknowledgment, Franchisor may, without notice to Guarantor(s), extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

Guarantor(s) waives notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee, and agrees to be bound by any and all such amendments and changes to the Franchise Agreement.

Guarantor(s) hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorney's fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment, or any other agreement executed by Franchisee referred to therein.

Guarantor(s) hereby acknowledges and agrees to be individually bound by all covenants contained in the Franchise Agreement and all terms and conditions of the Franchise Agreement requiring Franchisee not to disclose confidential information.

This Guarantee shall terminate upon the expiration or termination of the Franchise Agreement, except that all obligations and liabilities of Guarantor(s) that arise from events that occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants that by their terms continue in force after termination or expiration of the Franchise Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guarantee, but only for defaults and obligations existing at the time of death, and the obligations of the other Guarantor(s) will continue in full force and effect.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Franchise Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Franchise Agreement.

This Guarantee is to be performed in ***[Insert County and State of Franchisor's Headquarters]*** and shall be governed by and construed in accordance with the laws of the State of ***[Insert State of Franchisor's Headquarters]***. Guarantor(s) specifically agrees that the state and federal courts situated in ***[Insert County and State of Franchisor's Headquarters]*** shall have exclusive jurisdiction over Guarantor(s) and this Guarantee, and further agrees that any action relating to this Guarantee may be brought solely in ***[Insert State of Franchisor's Headquarters]*** in the judicial district in ***[Insert County of Franchisor's Headquarters]*** County. In connection therewith, each of the undersigned hereby appoints the Secretary of State for the State of ***[Insert State of Franchisor's Headquarters]*** as his agent for service of process to receive summons issued by the court in connection with any such litigation. Notwithstanding the foregoing, Franchisor and Guarantor(s) agree that any dispute under this Guarantee shall be resolved by arbitration pursuant to Article 16 of the Franchise Agreement (except as otherwise provided in Article 16 of the Franchise Agreement).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Franchise Agreement.

WITNESS:	**GUARANTOR**
___________________________	By: _____________________________
___________________________	Print Name: ______________________
	SS #: _____________________
	DOB: _____________________
	Driver's License No: _____________________

WITNESS:	**GUARANTOR**
___________________________	By: _____________________________
___________________________	Print Name: ______________________
	SS #: _____________________
	DOB: _____________________
	Driver's License No. _____________________

EXHIBIT 5 TO
THE GELATISSIMO FRANCHISE AGREEMENT

ADDENDUM TO LEASE

This Addendum to Lease (this "**Addendum**") modifies and supplements that certain lease dated _________________________ and entered into by Tenant and Landlord concerning the Location at ____(the "**Lease**").

Landlord and Tenant, intending that ____________________________, a _______________________, ("**Franchisor**") (and its successors and assigns) be a third-party beneficiary of this Addendum, agree as follows:

(1) Landlord shall, during the term of the Lease and thereafter, provide Franchisor all sales and other information it may have, whether provided by Tenant or otherwise, related to the operation of Tenant's Gelatissimo Store as Franchisor may reasonably request;

(2) Tenant may display the trademarks, service marks and other commercial symbols owned by Franchisor and used to identify the service and/or products offered at the Store, including the name "Gelatissimo", the Gelatissimo design and image developed and owned by Franchisor, as it currently exists and as it may be revised and further developed by Franchisor from time to time, and certain associated logos in accordance with the specifications required by the Gelatissimo Manual, subject only to the provisions of applicable law and in accordance with provisions in the Lease no less favorable than those applied to other tenants of Landlord;

(3) Tenant shall not, and the Landlord shall not permit the tenant to, sublease or assign all or any part of the Lease or the Premises, or extend the term or renew the Lease, without Franchisor's prior written consent;

(4) Landlord shall concurrently provide Franchisor with a copy of any written default notice sent to Tenant and thereupon grant Franchisor the right (but not the obligation) to cure any deficiency or default under the Lease, should Tenant fail to do so, within five (5) days after the expiration of the period in which Tenant may cure the default;

(5) The Premises shall be used only for the operation of a Gelatissimo Store;

(6) Tenant may, without Landlord's consent (but subject to providing Landlord with written notice thereof), at any time assign this Lease or sublease the whole or any part of the Premises to Franchisor or any successor, subsidiary or affiliate of Franchisor;

(7) In the event of an assignment of the Lease to Franchisor as described in (6) above, Franchisor may further assign this Lease, subject to Landlord's consent, such consent not to be unreasonably withheld based on the remaining obligations of assignee under the Lease, to a duly

authorized franchisee of Franchisor, and thereupon Franchisor shall be released from any further liability under the Lease;

(8) Until changed by Franchisor, notice to Franchisor shall be sent as follows:

____
____
____
Attention: _______________________

(9) None of the provisions in this Addendum or any rights granted Franchisor hereunder, may be amended absent Franchisor's prior written consent.

AGREED:

TENANT	LANDLORD
By: _________________________________	By: _________________________________
Print Name: __________________________	Print Name: __________________________
Its: _________________________________	Its: _________________________________
Date: _______________________________	Date: _______________________________

EXHIBIT 6 TO
THE GELATISSIMO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

This "Agreement" is made and entered into as of this ___ day of ________________ 20___, by and among Franchisee, Covenantor, and ______________________________________ ("**Franchisor**").

"Franchisee":____

"Covenantor":_____________________________, employed or engaged by Franchisee as _____________

____.

Address:____

1. PREAMBLES

Franchisor has executed or intends to execute a "Franchise Agreement" with Franchisee under which Franchisor grants to Franchisee certain rights with regard to the operation of a "Gelatissimo Store." Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Franchisee's Gelatissimo Store (the "**Store**") and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

To induce Franchisor to enter into the Franchise Agreement and/or to avoid a material breach thereof Franchisor, Franchisee and Covenantor desire and consider it to be in Covenantor's best interests that Covenantor enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. **PROTECTION OF CONFIDENTIAL INFORMATION**

Covenantor acknowledges and agrees that Franchisor possesses certain confidential and proprietary information in which Franchisor possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of Gelatissimo Stores (the "**Confidential Information**"). Franchisor and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform his/her obligations to Franchisee in furnishing Covenantor the training program, the Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to

Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and other Gelatissimo Stores owned by Franchisor, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified Franchisor and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded Franchisor and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

3. **SURRENDER OF DOCUMENTS**

Covenantor agrees that as of the date on which Covenantor ceases to perform services for Franchisee in connection with the Store, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

4. **COSTS AND ATTORNEYS' FEES**

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, costs and expenses (and interest on such fees, costs, and expenses), whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

5. **WAIVER**

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

6. **SEVERABILITY**

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the Parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

7. **RIGHTS OF PARTIES ARE CUMULATIVE**

The rights of the Parties hereunder are cumulative and no exercise or enforcement by a Party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

8. **BENEFIT**

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third-party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

9. **EFFECTIVENESS**

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

10. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the Parties hereto shall be construed and governed in accordance with the internal laws of the state in which the Store is located without regard to its conflicts of laws principles. Covenantor and Franchisee agree that they shall institute, and that Franchisor may institute, any action against any of the Parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to ______________________. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

Covenantor:	**Franchisee:**
By:_______________________________	By: _______________________________
___________________________________	___________________________________
Print name of **Covenantor**	Print name of **Franchisee**

EXHIBIT 7 TO
THE GELATISSIMO FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This “Agreement” is made and entered into as of this ___ day of _______________ 20___, by and among Franchisee, Covenantor and ____ (“**Franchisor**”).

“Franchisee”: ____

“Covenantor”:__________________________________, being [an owner], [an officer], [a director] [general partner], [managing member] or [manager] of Franchisee.

Address:____

____

____

1. PREAMBLES

Franchisor has executed or intends to execute a “Franchise Agreement” with Franchisee under which Franchisor grants to Franchisee certain rights with regard to a “Gelatissimo Store”. Before allowing Covenantor to have access to the Confidential Information (as defined below) and as a material term of the Franchise Agreement necessary to protect Franchisor’s confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of Franchisee’s Gelatissimo Store, (the “**Store**”) and Franchisor’s proprietary rights in and Franchisee’s right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

To induce Franchisor to enter into the Franchise Agreement and/or to avoid a material breach thereof Franchisor, Franchisee and Covenantor desire and consider it to be in Covenantor’s best interests that Covenantor enter into this Agreement. Due to the nature of Franchisor’s and Franchisee’s business any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. PROTECTION OF CONFIDENTIAL INFORMATION

Covenantor acknowledges and agrees that Franchisor possesses certain confidential and proprietary information in which Franchisor possesses valuable industrial and intellectual property rights consisting of the methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of Gelatissimo Stores (the “**Confidential Information**”). Franchisor and Franchisee will disclose such parts of the Confidential Information as are required for Covenantor to perform its obligations to Franchisee in furnishing Covenantor the training program, the Operating Manual (as defined in the Franchise Agreement) and in guidance furnished to Covenantor for his/her performance of services to Franchisee.

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and other Gelatissimo Stores owned by Franchisor, its affiliates or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he/she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified Franchisor and Franchisee prior to disclosure and shall have used his/her best efforts to obtain, and shall have afforded Franchisor and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

3. **IN-TERM RESTRICTIVE COVENANT**

Covenantor acknowledges and agrees that Franchisor and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among the Stores if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses (as defined below). Covenantor therefore agrees that for as long as Covenantor is an owner, director, officer, general partner, managing member or manager of Franchisee or is otherwise employed or engaged by Franchisee, Covenantor shall not, without Franchisor's prior written consent, directly or indirectly (through a member of the immediate family or otherwise), have any interest as an owner of (except of publicly-traded securities or interests in other Gelatissimo Stores pursuant to other franchise agreements with Franchisor or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any other capacity, for, any business principally offering products substantially similar to the products then being offered by the majority of the Stores (a "Competitive Business"), nor will Covenantor, without the prior written consist of Franchisor, have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to others the right to operate a Competitive Business.

4. **RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT OR COVENANTOR'S ASSOCIATION WITH FRANCHISEE**

Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor ceases to be an owner, director, officer, general partner, managing member or manager of, or otherwise employed or engaged by, Franchisee (both referred to herein as a "Termination Event"), Covenantor agrees that, for a period of two (2) years commencing on the effective date of a Termination Event, Covenantor shall not (through a member of the immediate family or otherwise) have any interest as an owner of (except of publicly-traded securities or interests in other Gelatissimo Stores pursuant to other franchise agreements with Franchisor or its affiliates), or assist or perform services as a director, officer, employee, consultant, representative, agent or in any other capacity for, any Competitive Business located within a twenty (20) mile radius from any concept (including, but not limited to, Gelatissimo Stores) franchised or owned and operated by Franchisor, its parent, or any of its affiliates; nor will Covenantor have any interest, as aforesaid, in, or serve in any capacity, any entity which franchises or otherwise grants to others the right to operate a Competitive Business.

Covenantor recognizes the broad scope of the restrictive covenants set forth in Sections 3 and 4 of this Agreement but agrees that they are reasonable. If any court or tribunal of competent jurisdiction shall refuse to enforce any such covenant because it is more extensive whether as to time limit, geographic area, scope of business or otherwise than is deemed reasonable, it is expressly understood and agreed that such covenants shall not be void, but that the restrictions contained therein shall be deemed reduced to the extent necessary to permit the enforcement of such covenants.

Covenantor expressly acknowledges and agrees that Covenantor possesses skills and abilities of a general nature and has opportunities for exploiting such skills. Consequently, enforcement of the covenants made in Sections 3 and 4 of this Agreement will not deprive Covenantor of the ability to earn a living.

5. **SURRENDER OF DOCUMENTS**

Covenantor agrees that, as of the effective date of a Termination Event, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

6. COSTS AND ATTORNEYS' FEES

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, costs and expenses (and interest on such fees, costs, and expenses), whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

7. **WAIVER**

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

8. **SEVERABILITY**

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the Parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.

9. **RIGHTS OF PARTIES ARE CUMULATIVE**

The rights of the Parties hereunder are cumulative and no exercise or enforcement by a Party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

10. **BENEFIT**

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third-party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

11. **EFFECTIVENESS**

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

12. GOVERNING LAW/CONSENT TO JURISDICTION

This Agreement and the relationship between the Parties hereto shall be construed and governed in accordance with the internal laws of the state in which the Store is located without regard to its conflict of laws principles. Covenantor and Franchisee agree that they shall institute and that Franchisor may institute any action against any of the Parties hereto in any state or federal court of general jurisdiction in the state court of general jurisdiction or the Federal District Court nearest to Franchisor's principal place of business at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

COVENANTOR:

____
Print name of Covenantor

____
Signature of Covenantor

FRANCHISEE:

____
Print name of Franchisee

By:_______________________________

Print Name: _______________________

Title:______________________________

FRANCHISOR:
[Insert Name of Franchisor]

By:_______________________________

Print Name:_______________________

Title:______________________________

EXHIBIT 8 TO
THE GELATISSIMO FRANCHISE AGREEMENT

ADA CERTIFICATION FORM

__________________________________, a ________________________, ("**Franchisor**") and ____ ("**Franchisee**") are parties to a franchise agreement dated ________, 20__ (the "**Franchise Agreement**") for the operation of a Gelatissimo Store at the location identified below (the "**Store**").

____

(*GELATISSIMO STORE ADDRESS)*

ADA Certification:

In accordance with Section 7.4 of the Franchise Agreement, Franchisee certifies to Franchisor that to the best of Franchisee's knowledge, the Store and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Store by Franchisor. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and each of Franchisor's affiliates, and each of their respective officers, directors, members, shareholders, representatives, employees and agents, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by such indemnified party(ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

In the event of any dispute concerning or relating to this document and/or any of the transactions and/or matters to which it may apply, such dispute will be resolved in accordance with the dispute resolution provisions of the Franchise Agreement, including Article 16 of the Franchise Agreement. Terms not defined in this document shall have the same meaning as they do in the Franchise Agreement.

[Signatures on Following Page]

All signers are jointly and severally responsible for the representations and promises described in this Acknowledgment and Certification Form.

"FRANCHISEE"

If Franchisee is an individual:

Individually: ______________________________

Print Name: ______________________________

Date: ______________________

Individually: _____________________________

Print Name: ______________________________

Date: ______________________

If Franchisee is a corporation or other entity:

____
[Name of Franchisee]

By: ___________________________

Print Name: ____________________

Title: __________________________

Date: __________________________

Exhibit K
To Franchise Disclosure Document

AREA DEVELOPMENT AGREEMENT TEMPLATE

GELATISSIMO

AREA DEVELOPMENT AGREEMENT
(TEMPLATE)

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GELATISSIMO
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of the ___ day of ____________________ 20___, by and between ___________________________________, a ____, ("**Franchisor**"), on the one hand, and __________________________________, a/an __________________________________ ("**Developer**"), on the other hand, who are individually referred to in this Agreement as a "Party," and collectively referred to in this Agreement as "Parties," with reference to the following facts.

RECITALS

A. **WHEREAS**, Gelatissimo USA LLC, a Delaware limited liability company ("**Master Franchisor**") is the owner of the entire right, title, and interest in the "Gelatissimo" trade name, logo and other trademarks and service marks and related trade dress, as licensed hereunder (the "**Marks**")

B. **WHEREAS**, Gelatissimo Pty Limited, a New South Wales proprietary limited company with its principal offices in Sydney, Australia, ("**Licensor**") owns and has developed and administers a system, including various business techniques and methods, trade secrets (including recipes), copyrights (possibly patentable ideas), ingredient lists, confidential and proprietary information and other intellectual property rights (collectively, the "**System**") for the establishment and operation of distinctive retail gelato stores that specialize in the manufacture, preparation, display, and sale of gelato, gelato-based drinks, coffee, chocolates, biscuits, granita and other menu items ("**Gelatissimo Stores**"). Licensor has issued a license to Master Franchisor to use and sublicense the use of the System for the sale of franchised Gelatissimo Stores within the United States (the "**Franchise Program**").

C. **WHEREAS,** the Franchise Program includes the System and Marks, the trade secrets, proprietary methods and information and procedures for the establishment and operation of a Gelatissimo Store, including, without limitation, a confidential operations manual (the "**Manual**"), recipes, ingredients, menu specifications, equipment, furniture and fixtures, operating procedures for sanitation, maintenance, food and beverage manufacture, storage and preparation, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, personnel management, training methods, distinctive interior design and display procedures, and color scheme and decor.

D. **WHEREAS,** on _***[Insert Date of Master Franchise Agreement]***_, Master Franchisor and Franchisor entered into a Master Franchise Agreement under which Master Franchisor granted Franchisor (i) the right and obligation to develop, own and operate a Gelatissimo Store(s) in the State of _***[Insert Master Franchisee's Territory]***_; and (ii) the right and obligation to grant subfranchises to qualified third parties to develop, own and operate Gelatissimo Stores in the State of _***[Insert Master Franchisee's Territory]***_ under individual Franchise Agreements.

E. **WHEREAS,** Franchisor grants to qualified persons who are willing to undertake the required investment and effort, a license to open and operate a Gelatissimo Store.

D. **WHEREAS**, Developer has applied for an option to obtain licenses to establish and operate multiple Gelatissimo Stores within a specified territory and such application has been approved by Franchisor in reliance upon all of the representations made therein.

NOW, THEREFORE, the Parties, in consideration of the undertakings and commitments of each Party to the other set forth in this Agreement, hereby agree as follows:

I. GRANT

(a) Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Agreement, options to obtain licenses to establish and operate **____________ (__)** Gelatissimo Stores within the territory described in Exhibit A attached hereto and incorporated herein by this reference (the "Designated Territory").

(b) Developer shall be bound by the Development Schedule ("Development Schedule") set forth in Exhibit B. Time is of the essence to this Agreement. Each Gelatissimo Store shall be established and operated pursuant to a separate franchise agreement ("Franchise Agreement") to be entered into by Developer and Franchisor. Each Franchise Agreement shall be in Franchisor's then-current form of the Franchise Agreement. Developer acknowledges and agrees that all Franchise Agreements entered into in connection with the Gelatissimo Stores within the Designated Territory are independent of this Agreement. The continued existence of such Franchise Agreement shall not depend on the continuing existence of this Agreement.

(c) This Agreement is not a Franchise Agreement, and Developer shall have no right to use the Marks in any manner by virtue hereof or to engage in the business of offering, selling or distributing goods or services under the Marks or the System in any manner.

(d) Developer shall have no right under this Agreement to license others to operate a business or use the System or the Marks.

II. NO EXCLUSIVITY

(a) Developer receives no exclusive rights to the Designated Territory under this Agreement. So long as Developer is in good standing and in compliance with this Agreement, Franchisor will not establish or license another to establish a Gelatissimo Store in the Designated Territory.

(b) During the term of this Agreement, Franchisor reserves the right to:

(i) establish and operate, and allow others to establish and operate, Gelatissimo Stores using the Marks and the System, at any location outside the Designated Territory, on such terms and conditions Franchisor deems appropriate;

(ii) establish and operate, and allow others to establish and operate, Competitive Businesses that may offer products and services which are identical or similar to products and services offered by Gelatissimo Stores, under trade names, trademarks, service marks and commercial symbols different from the Marks outside the Designated Territory;

(iii) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, temporary or mobile facilities, sales through retail stores that do not operate under the Marks, sales made at wholesale, or sales via the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Gelatissimo Stores, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Gelatissimo Stores customarily sell;

(iv) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Gelatissimo Stores, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Designated Territory);

(v) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Gelatissimo Stores, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Designated Territory; and

(vi) engage in all other activities not expressly prohibited by this Agreement.

III. DEVELOPMENT FEE

(a) As consideration for the rights and options granted herein, Developer shall pay to Franchisor a development fee (the "Development Fee") in the amount of ________________________Dollars ($_________). The Development Fee is to be paid simultaneously with the execution of this Agreement. The Development Fee is non-refundable, notwithstanding any provision to the contrary contained herein or in any Franchise Agreement.

(b) Notwithstanding anything to the contrary contained in the Franchise Agreement, the Initial Franchise Fee due for each Gelatissimo Store developed hereunder shall be ________________________Dollars ($_________).

(c) The Development Fee shall be applied to the Initial Franchise Fee due for each of the Gelatissimo Stores developed hereunder, upon the execution of the Franchise Agreement.

(d) The Development Fee shall be credited to the Initial Franchise Fee due for each of the Stores developed under this Agreement, such that no further amount is due and owing by Developer/Franchisee to Franchisor in connection with any or all of the Stores listed on the Development Schedule attached hereto.

(e) Developer shall submit a separate application for each Gelatissimo Store to be established within the Designated Territory by Developer. Upon approval of the site for the Gelatissimo Store by Franchisor, a separate Franchise Agreement shall be executed for such Gelatissimo Store. Each time Developer signs a Franchise Agreement for a Gelatissimo Store developed hereunder, Franchisor will credit the amount paid for that Gelatissimo Store as part of the Development Fee against the Initial Franchise Fee due for such Gelatissimo Store. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of such Gelatissimo Store.

[Remainder of Page Intentionally Left Blank]

IV. DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING OPTIONS

(a) Developer agrees to have open and in operation at the end of each development period set forth on the Development Schedule the cumulative number of Gelatissimo Stores set forth on the Development Schedule. During each Development Period, Developer shall exercise options by entering into Franchise Agreements with Franchisor pursuant to this Agreement for the number of Gelatissimo Stores described under the Development Schedule and have such number of Gelatissimo Stores open for business. Developer shall at all times after the expiration of each of the Development Periods continuously maintain in operation pursuant to each Franchise Agreement at least the number of Gelatissimo Stores set forth on the Development Schedule, provided however that such obligation does not apply to Gelatissimo Stores that are transferred in accordance with the provisions of the Franchise Agreement, or are closed due to force majeure.

(b) Developer shall exercise each option granted herein only as follows:

(i) By giving Franchisor written notice of Developer's intention to exercise such option at least thirty (30) days before the execution of the Franchise Agreement for the applicable business; and

(ii) By executing the then-current form of the Franchise Agreement for the applicable Gelatissimo Store and complying with its terms, including, without limitation, the payment of the unpaid balance of the applicable Initial Franchise Fee.

(c) Franchisor shall execute the Franchise Agreement only if (i) Developer is in compliance with all requirements and obligations of this Agreement and all other agreements between Franchisor and Developer, and (ii) Developer is in strict compliance with all of Developer's respective obligations under each Franchise Agreement, including, without limitation, its financial obligations and obligation to operate each Gelatissimo Store in compliance with the System. In order to meet the Development Schedule, the Franchise Agreement must be executed by Developer and Franchisor, and the Gelatissimo Store to be operated under such Franchise Agreement must be open for business within the applicable Development Period. Developer must comply with all of the terms and conditions of each Franchise Agreement.

V. TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder to Developer shall expire on the date of Franchisor's acceptance and execution of a Franchise Agreement for the last of the Gelatissimo Stores to be established pursuant to the Development Schedule.

VI. DEVELOPER'S DUTIES

Developer shall perform the following obligations:

(a) Developer shall comply with all terms and conditions set forth in this Agreement.

(b) Developer shall comply with all of the terms and conditions of each Franchise Agreement, including, without limitation, the operating requirements specified in each Franchise Agreement.

However, Developer will not be required to attend the initial franchisee training conducted by Franchisor in connection with the second or any subsequent Gelatissimo Store.

(c) At Franchisor's option, at any time during this Agreement, Franchisor may require Developer to engage a district manager to oversee the development and operation of Developer's Gelatissimo Store. Such district manager shall be in addition to, not in lieu of, the managers responsible for the day to day operations of the Gelatissimo Stores, as required under the Franchise Agreements.

(d) Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and Developer shall disclose such information or materials only to such of Developer's employees or agents who must have access to it in connection with their employment. All of Developer's employees or agents who must have access to such information or materials shall be required to execute nondisclosure agreements in the form acceptable to Franchisor. Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

(e) Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

(f) Developer shall return to Franchisor all manuals and other confidential information that Developer received from Franchisor in the course of operating Gelatissimo Store when Developer leaves the System.

VII. <u>PROPRIETARY MARKS/CONFIDENTIALITY</u>

Notwithstanding any provision to the contrary under this Agreement, it is understood and agreed that this Agreement does not grant Developer any right to use the Marks or to use any of Franchisor's confidential information. Further, it is understood and agreed that this Agreement does not grant Developer, and Developer does not have any right to, any copyright or patent which Franchisor now owns or may hereinafter own. Rights to the Marks, confidential information or copyrights are granted only under the Franchise Agreements to be executed by Franchisor and Developer.

VIII. <u>DEFAULT AND TERMINATION</u>

(a) The options granted to Developer in this Agreement have been granted in reliance on Developer's representations and warranties, and strictly on the conditions set forth in this Agreement, including, without limitation, the condition that Developer strictly complies with the Development Schedule.

(b) Developer shall be deemed in default under this Agreement, and all rights granted herein to Developer shall automatically terminate without notice: (i) if Developer is adjudicated bankrupt, becomes insolvent, commits any affirmative action of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of Developer's property or any part thereof is appointed by a court of competent authority or if Developer makes a general assignment for the benefit of Developer's creditors; (ii) if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); (iii) if execution is levied against Developer's business or property, or; (iv) if suit to foreclose any lien or mortgage against Developer's premises or equipment is instituted against Developer and not dismissed within thirty (30) days, or is not in the process of being dismissed;

provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Developer.

(c) If Developer (i) fails to exercise options and enter into Franchise Agreements with Franchisor pursuant to this Agreement for a Gelatissimo Store within any Options Period, as set forth on the Development Schedule; (ii) fails to comply with any other term or condition of this Agreement; or (iii) makes or attempts to make a transfer or assignment in violation of this Agreement or if Developer fails to comply with the terms and conditions of any individual Franchise Agreement with Franchisor or of any other agreement to which Developer and Franchisor are parties, any such event shall constitute a default under this Agreement. Upon any such default, Franchisor, in Franchisor's discretion, may do any one or more of the following:

(i) Terminate this Agreement and all rights granted hereunder to Developer without affording Developer any opportunity to cure the default effective immediately upon receipt by Developer of written notice from Franchisor;

(ii) Reduce the number of Gelatissimo Stores, without refunding any of the Development Fee, which are subject to options granted to Developer pursuant to this Agreement; or

(iii) Exercise any other rights and remedies that Franchisor may have.

(d) Upon termination of this Agreement, all remaining options granted Developer to establish Gelatissimo Stores under this Agreement shall automatically be null and void. Developer shall have no right to establish or operate any Gelatissimo Store for which a Franchise Agreement has not been executed by Franchisor. Notwithstanding the above, the terms and conditions of each Franchise Agreement must be complied with by Developer thereunder and shall control in determining whether any default exists under such Franchise Agreement.

(e) No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

IX. TRANSFERABILITY

(a) Developer acknowledges that Franchisor maintains a staff to manage and operate the franchise system and that staff customers can change as employees come and go. Developer represents that Developer has not signed this Agreement in reliance on any particular owners, directors, officers or employees remaining with Franchisor in that capacity. Franchisor may change Franchisor's ownership or form and/or assign this Agreement and any other agreement to a third party without restriction.

(b) Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and are granted in reliance upon Developer's personal qualifications. Developer has represented and hereby represents to Franchisor that Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the developmental or option rights hereunder.

(c) Neither Developer, nor any of Developer's partners (if Developer is a partnership), customers (if Developer is a limited liability company) or shareholders (if Developer is a corporation), without Franchisor's prior written consent, by operation of law or otherwise, shall sell, assign, transfer, convey, give away or encumber to any person, firm or corporation, all or any part of Developer's interest in this Agreement or Developer's interest in the rights granted hereby or Developer's interest in any proprietorship, partnership, limited liability company, corporation or other entity which owns any interest in such rights, nor offer, permit or suffer the same to be sold, assigned, transferred, conveyed, given away or encumbered in any way to any person, firm or corporation. Developer may not, without Franchisor's prior written consent, fractionalize any of Developer's rights granted pursuant to this Agreement. Any purported assignment of any of Developer's or any of Developer's partner's, member's or shareholder's rights herein not having the aforesaid consent shall be null and void and shall constitute a material default hereunder. Any assignment or transfer may only be made if the proposed assignees or transferees: (i) are of good moral character and have sufficient business experience, aptitude and financial resources, (ii) otherwise meet Franchisor's then applicable standards for developers, (iii) are willing to assume all of Developer's obligations hereunder and to execute and be bound by all provisions of Franchisor's then-current form of the Area Development Agreement for a term equal to the remaining term hereof; and (iv) willing to assume all of Developer's obligations under each and every Franchise Agreement Developer entered with Franchisor. As a condition to granting Franchisor's approval of any such assignment or transfer, Franchisor may require Developer or the assignee or transferee to pay to Franchisor, Franchisor's then-current assignment fee to defray expenses incurred by Franchisor in connection with the assignment or transfer, legal and accounting fees, credit and other investigation charges and evaluation of the assignee or transferee and the terms of the assignment or transfer. Franchisor shall have the right to require Developer and Developer's owners to execute a general release of Franchisor and Franchisor's owners, directors, officers, successors and assigns, in form and content satisfactory to Franchisor as a condition to Franchisor's approval of the assignment of this Agreement or ownership of Developer.

(d) This Agreement may be assigned to a partnership, limited liability company or corporation which conducts no business other than the business contemplated hereunder and the operation of the Gelatissimo Store(s), which is/are actively managed by Developer and in which Developer owns and controls, and continues to own throughout the term of this Agreement, not less than fifty-one percent (51%) of the general partnership interest, limited liability company interest or the corporate equity and voting power, provided that all partners, customers or shareholders shall execute an assignment agreement in a form approved by Franchisor undertaking to be bound jointly and severally by all provisions of this Agreement and all issued and outstanding stock certificates of such corporation or other evidence of ownership interest in a partnership or limited liability company shall bear a legend reflecting or referring to the restrictions of this Agreement as designated by Franchisor.

(e) If Developer or Developer's owners shall at any time determine to sell the rights under this Agreement or any of Developer's respective ownership interests in Developer or any of Developer's assets (except in the ordinary course of business), Developer or Developer's owners shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to Franchisor, which shall, for a period of fifteen (15) days from the date of delivery of such offer, have the right, exercisable by written notice to Developer or Developer's owners, to purchase such rights under this Agreement or such ownership interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer and that Franchisor shall have not less than sixty (60) days to prepare for closing. If Franchisor does not exercise this right of first refusal, Developer or Developer's owners, as applicable, may complete the sale of such interest in this Agreement or such ownership interest, subject to Franchisor's approval of the purchaser as provided in this Section IX, provided that if such sale is not completed within ninety (90) days after delivery of such offer to Franchisor, Franchisor shall again have the right of first refusal provided herein.

(f) Developer must give Franchisor ninety (90) days' written notice prior to any sale or assignment of a full or partial interest in Developer by Developer or any of Developer's owners. The purpose of this Subsection is to enable Franchisor to comply with any applicable state or federal franchise disclosure laws. Developer agrees to indemnify and hold Franchisor harmless for Developer's failure to comply with this Subsection.

(g) Developer must, within fifteen (15) days of receipt of an offer to buy, give Franchisor written notice whenever Developer or any of Developer's owners have received an offer to buy Developer's or such owner's interest in this Agreement or an interest in Developer itself or any options pursuant to this Agreement. Developer must also give Franchisor written notice simultaneously with an offer to sell any interest in this Agreement or an interest in Developer or any options pursuant to this Agreement, made by, for or on behalf of Developer or any of Developer's owners.

(h) No sale, assignment, transfer, conveyance, encumbrance or gift of any interest in this Agreement or in the options granted thereby, shall relieve Developer and the shareholders, customers or partners participating in any transfer, of the obligations of the covenants not to compete with Franchisor contained in this Agreement except where Franchisor shall expressly authorize in writing.

X. COVENANTS

(a) Developer acknowledges that Franchisor has granted Developer the rights under this Agreement in consideration of and reliance upon Developer's agreement to deal exclusively with Franchisor. Developer therefore agrees that, during this Agreement's term, neither Developer, any of Developer's owners, nor any of Developer's or Developer's owners' immediate family customers will:

(i) have any direct or indirect interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Subsection);

(ii) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(iii) recruit or hire any person then employed, or who was employed within the immediately preceding twenty-four (24) months, at a Gelatissimo Store operated by Franchisor, any of Franchisor's affiliates, or by a franchisee without obtaining the employer's prior written permission;

(iv) divert or attempt to divert any actual or potential business or customer of a Gelatissimo Store to a Competitive Business; or

(v) engage in any other activity which might injure the goodwill of the Marks and/or the System.

The term "Competitive Business" means any business (other than a Gelatissimo Store) principally offering products and services substantially similar to the products and services then being offered by the majority of Gelatissimo Stores.

(b) Developer covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, for a period of two (2) year after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company or corporation, own, maintain, engage in, consult with or have any interest in any Competitive Business within the Designated Territory or within a five (5) mile radius of any other Gelatissimo Store in operation or under construction on the later of the effective date of termination or expiration of this Agreement or on the date on which all persons restricted by this Subsection begin to comply with this Subsection.

(c) Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section X is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section X.

(d) Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section X (a) or X (b) of this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that Developer shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XVI hereof.

(e) Franchisor shall have the right to require all of Developer's personnel performing managerial or supervisory functions and all personnel receiving special training from Franchisor to execute similar covenants in a form satisfactory to Franchisor.

(f) In addition to the foregoing covenants, Developer shall be bound by and comply with the covenants contained in each Franchise Agreement executed by Franchisor and Developer.

XI. NOTICES

All written notices permitted or required to be delivered by the provisions of this Agreement, shall be deemed so delivered on the date when hand delivered; one (1) day after sending by telegraph or after the date of deposit, if deposited with a commercial delivery service which guarantees next day delivery; or three (3) days after placed in the mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the Party to be notified at its most-current principal business address of which the notifying Party has been notified.

XII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

(a) It is understood and agreed by the Parties hereto that this Agreement does not create a fiduciary relationship between them, that nothing in this Agreement is intended to constitute either Party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each Party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

(b) Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as shall be necessary to that end.

(c) Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name and that Franchisor assumes no liability for, nor shall Franchisor be deemed liable by reason of, any act or omission of Developer in Developer's conduct of any Gelatissimo Store or any claim or judgment arising therefrom. Developer shall indemnify and hold Franchisor harmless against any and all such claims directly or indirectly from, as a result of or in connection with Developer's operations hereunder or under any Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

(d) Developer acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at Franchisor's sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any developer based upon the peculiarities of the particular location or circumstance, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of Developer's business under any Franchise Agreement. Developer shall not be entitled to require Franchisor to disclose or grant to Developer a like or similar variation hereunder to that which may be accorded to any other developer.

XIII. APPROVALS

(a) Whenever this Agreement requires Franchisor's prior approval or consent, Developer shall make a timely written request to Franchisor therefor, and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing.

(b) Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Developer in connection with this Agreement or by reason of any neglect, delay or denial of any request therefor.

XIV. NON-WAIVER

No failure by Franchisor to exercise any power reserved to Franchisor in this Agreement or to insist upon compliance by Developer with any obligation or condition in this Agreement, and no custom or practice of the Parties at variance with the terms hereof, shall constitute a waiver of Franchisor's rights to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance or omission by Franchisor to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants of this Agreement, affect or impair Franchisor's rights, nor shall the same constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default.

XV. SEVERABILITY AND CONSTRUCTION

(a) Each provision of this Agreement shall be deemed severable from the others.

(b) Nothing in this Agreement shall confer upon any person or legal entity other than the Parties hereto and such of their respective successors and assigns as may be contemplated by Section IX hereof, any rights or remedies under or by reason of this Agreement.

(c) All captions in this Agreement are intended solely for the convenience of the Parties and none shall be deemed to affect the meaning or construction of any provision hereof.

(d) All references herein to gender and number shall be construed to include such other gender and number as the context may require and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all the Parties hereto which execute this Agreement on Developer's behalf.

(e) This Agreement may be executed in duplicate and each copy so executed shall be deemed an original.

(f) Nothing contained herein shall be deemed a waiver of any rights Developer may have to rely on information contained in the franchise disclosure document.

XVI. ENTIRE AGREEMENT

This Agreement constitutes the entire, full and complete agreement between the Parties hereto concerning the subject matter hereof and supersedes all prior agreements. However, nothing contained herein shall be deemed a waiver of any rights Developer may have to rely on information contained in the franchise disclosure document. No amendment, change or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by themselves or their authorized officers or agents in writing.

XVII. SUPERIORITY OF FRANCHISE AGREEMENT

For each Gelatissimo Store developed in the Designated Territory, a separate Franchise Agreement shall be executed, and any individual Initial Franchise Fee as prescribed by Franchisor shall be paid to Franchisor. It is understood and agreed by Developer that any and all Franchise Agreements executed in connection with the Gelatissimo Store(s) within the Designated Territory are independent of this Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Agreement. If any conflict shall arise in connection with this Agreement and any Franchise Agreement executed within the Designated Territory, the latter shall have precedence and superiority over the former.

XVIII. ENFORCEMENT

(a) No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(b) Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause Franchisor, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to Franchisor's obligation to arbitrate the underlying claim if required by Section XIX). Developer agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. Developer agrees that Franchisor will not be required to post a bond to obtain injunctive relief and that Developer's only remedy if an injunction is entered against Developer will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

XIX. DISPUTE RESOLUTION

For the purposes of this Section XIX, "Developer" shall be deemed to include its owners, affiliates and its respective employees, and "Franchisor" shall be deemed to include Franchisor, its parent, and its affiliates.

(a) MEDIATION, MANDATORY BINDING ARBITRATION, AND WAIVER OF COURT TRIAL

Developer and Franchisor believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. Developer and Franchisor have agreed that the provisions of this Section XIX support these mutual objectives and, therefore, agree as follows:

(1) **Claim Process**. Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where Developer is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Developer and Franchisor on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be processed in the following manner, Developer and Franchisor each expressly waiving all rights to any court proceeding, except as expressly provided below at Section XIX.(4).

(i) First, discussed in a face-to-face meeting held within thirty (30) days after either Developer or Franchisor give written notice to the other proposing such a meeting.

(ii) Second, if not resolved, submitted to non-binding mediation. Developer and Franchisor will split the costs and each will bear their own expenses of any mediation. Any mediation/arbitration will be conducted by a mediator/arbitrator experienced in franchising. Any Party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. If both Developer and Franchisor do not want to participate in mediation, then they may proceed to arbitration as provided below.

(iii) Third, submitted to and finally resolved by binding arbitration before a single arbitrator in the county where Franchisor's then-current headquarters is located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. On election by any Party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction.

(2) **Confidentiality**. The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

(3) **Fees and Costs**. The Parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the Party who does not prevail.

(4) **<u>Disputes Not Subject to the Mediation/Arbitration Process</u>**. Claims or disputes relating primarily to (a) the validity of the Marks and/or any intellectual property licensed to Developer, and (b) injunctive relief for health and safety issues and violations, may be subjected to court proceedings, at Franchisor's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any intellectual property licensed to Developer and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Claim Process outlined above.

(5) **<u>Intentions of Developer and Franchisor</u>**. Developer and Franchisor mutually agree (and have expressly had a meeting of the minds) that, notwithstanding any contrary provisions of state, federal or other law, and/or any statements in Franchisor's Franchise Disclosure Document required by a state or the Federal government as a condition to registration or for some other purpose:

(i) <u>all</u> issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

(ii) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring Claims;

(iii) Developer and Franchisor intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(iv) Developer and Franchisor each knowingly waive all rights to a court trial (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and

(v) the terms of this Agreement (including but not limited to this Section XIX) shall control with respect to any matters of choice of law. Nothing in this or any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document it furnished to Developer.

[Remainder of Page Intentionally Left Blank]

(b) <u>VENUE</u>

Without in any way limiting or otherwise affecting the obligations of Developer and Franchisor under Section XIX (a) above, Developer and Franchisor agree that any litigation will be brought in a court of competent jurisdiction in the county where Franchisor's then-current headquarters is located.

(c) <u>TERMS APPLICABLE TO ALL PROCEEDINGS, WAIVER OF TRIAL BY JURY, CERTAIN CLAIMS, AND CLASS ACTION RIGHTS</u>

With respect to any arbitration, litigation or other proceeding of any kind, Developer and Franchisor:

(1) **<u>knowingly waive all rights to trial by jury</u>**; and

(2) **<u>will pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis</u>**.

(d) <u>LIMITATIONS ON CLAIMS</u>

Neither Party may make claims for emotional distress, whether negligent or intentional, nor punitive damages.

(e) <u>PERIODS IN WHICH TO MAKE CLAIMS</u>

No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either Developer or Franchisor will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other Claim of any type, unless such Party commences such arbitration proceeding, action or suit before the expiration of the <u>earlier</u> of:

(1) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such Party; or

(2) Eighteen (18) months after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Section, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party (ies) have been found liable and any time for appeals has run in the underlying action.

(f) <u>SEVERABILITY OF PROVISIONS</u>

Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution).

(g) <u>CHOICE OF LAWS</u>

Developer and Franchisor agree on the practical business importance of certainty as to the law applicable to their relationship and its possible effect on the development and competitive position of the System. Therefore, Developer and Franchisor also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such

Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning Developer and Franchisor, will be governed by, and construed and enforced in accordance with, the laws of ***[Insert Franchisor's Territory]***; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall **not** apply unless that state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section XIX.(g). Developer and Franchisor agree that this provision shall be enforced without regard to the laws of ***[Insert Franchisor's Territory]*** relating to conflicts of laws or choice of law.

XX. DEVELOPER" DEFINED AND GUARANTY

If two or more persons are at any time parties to this Agreement, whether as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Developer (or a transferee of this Agreement or an ownership interest in Developer), including, without limitation, any person who has a direct or indirect interest in Developer (or a transferee) or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a "controlling ownership interest" in Developer or one of Developer's owners (if an entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in Developer or one of Developer's owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

XXI. ELECTRONIC MAIL

(a) Developer acknowledges and agrees that exchanging information with Franchisor by e-mail is efficient and desirable for day-to-day communications and that Franchisor and Developer may utilize e-mail for such communications. Developer authorizes the transmission of e-mail by Franchisor and Franchisor's employees, vendors, and affiliates ("Official Senders") to Developer during the term of this Agreement. Developer further agrees that: (a) Official Senders are authorized to send e-mails to those of Developer's employees as Developer may occasionally authorize for the purpose of communicating with Franchisor; (b) Developer will cause Developer's officers, directors and employees to give their consent to Official Senders' transmission of e-mails to them; (c) Developer will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with Developer; and (d) Developer will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement.

(b) This consent given in this Section shall not apply to the provision of notice by either Party under this Agreement pursuant to Section XI unless Franchisor and Developer otherwise agree in a written document manually signed by both Parties.

XXII. ACKNOWLEDGMENTS

Developer acknowledges:

(a) That Developer has independently investigated this franchise opportunity and recognizes that, like any other business, the nature of the business a Gelatissimo Store conducts may, and probably will, evolve and change over time.

(b) That an investment in a Gelatissimo Store involves business risks that could result in the loss of a significant portion or all of Developer's investment.

(c) That Developer's business abilities and efforts are vital to Developer's success and the success of Developer's business.

(d) That Developer has not received from Franchisor, and is not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Gelatissimo Store, that any information Developer has acquired from other Developers/Franchisees regarding their sales, profits, or cash flows was not information obtained from Franchisor, and that Franchisor makes no representation about that information's accuracy.

(e) That in all of their dealings with Developer, Franchisor's officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between Developer and them as a result of this Agreement are deemed to be only between Developer and Franchisor.

(f) That Developer has represented to Franchisor, to induce Franchisor's entry into this Agreement, that all statements made by Developer and all materials Developer has given Franchisor are accurate and complete and that Developer has made no misrepresentations or material omissions in obtaining the franchise.

(g) That Developer has read this Agreement and Franchisor's franchise disclosure document and understands and accepts that this Agreement's terms and covenants are reasonably necessary for Franchisor to maintain Franchisor's high standards of quality and service, as well as the uniformity of those standards at each Gelatissimo Store, and to protect and preserve the goodwill of the Marks.

(h) That Franchisor has not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and Franchisor's franchise disclosure document, and that Developer has independently evaluated this opportunity, including by using Developer's business professionals and advisors, and has relied solely upon those evaluations in deciding to enter into this Agreement.

(i) That Developer has been afforded an opportunity to ask any questions Developer has and to review any materials of interest to Developer concerning this franchise opportunity.

(j) That Developer has been afforded an opportunity, and has been encouraged by Franchisor, to have this Agreement and all other agreements and materials Franchisor has given or made available to Developer reviewed by an attorney and has either done so or elected not to do so.

(k) That Developer has a net worth which is sufficient to make the investment in the franchise opportunity represented by this Agreement, and Developer will have sufficient funds to meet all of Developer's obligations under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have duly executed, sealed and delivered this Agreement in duplicate on the day and year first above written.

FRANCHISOR
[Insert Name of Franchisor]

By:____________________________________

Print Name: _____________________________

Title:___________________________________

DATED:_________________________________

DEVELOPER

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP:

____
[Name of Entity]

By:____________________________________

Print Name: _____________________________

Title:___________________________________

DATED:_________________________________

IF DEVELOPER IS AN INDIVIDUAL:

By:____________________________________

Print Name:______________________________

DATED:_________________________________

By:____________________________________

Print Name:______________________________

DATED:_________________________________

EXHIBIT A TO THE AREA DEVELOPMENT AGREEMENT

DESCRIPTION OF DESIGNATED TERRITORY

____

____

____

____

____

FRANCHISOR
[Insert Name of Franchisor]

By:___________________________________

Print Name: ____________________________

Title:_________________________________

DATED:______________________________

DEVELOPER

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP:

____
[Name of Entity]

By:___________________________________

Print Name: ____________________________

Title:_________________________________

DATED:______________________________

IF DEVELOPER IS AN INDIVIDUAL:

By:___________________________________

Print Name:_____________________________

DATED:______________________________

By:___________________________________

Print Name:_____________________________

DATED:______________________________

EXHIBIT B TO MULTI-UNIT DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

At the dates set forth below, Developer is obligated by Section IV of the Area Development Agreement to have open and in operation the number of Gelatissimo Stores as indicated below:

	Date by which Indicated Store Must be Open for Business	Cumulative Number of Stores to be Open and in Operation
First Store	___________________, 20__	__________________
Second Store	___________________, 20__	__________________
Third Store	___________________, 20__	__________________
Fourth Store	___________________, 20__	__________________

FRANCHISOR
[Insert Name of Franchisor]

By:_____________________________________

Print Name: _____________________________

Title:___________________________________

DATED:_______________________________

DEVELOPER

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP:

____
[Name of Entity]

By:_____________________________________

Print Name: _____________________________

Title:___________________________________

DATED:_______________________________

IF DEVELOPER IS AN INDIVIDUAL:

By:______________________________________

Print Name:________________________________

DATED:___________________________________

By:______________________________________

Print Name:________________________________

DATED:___________________________________

EXHIBIT C TO THE AREA DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ___ day of _______________ 20 __, by ____
____
____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the "**Agreement**") on this date by ________________________ ("**Franchisor**"), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and Franchisor's successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that ____ ("**Developer**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Developer or any other person; and (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

If Franchisor is required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, Franchisor shall be entitled to reimbursement of Franchisor's costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Guarantor agrees to be personally bound by the arbitration obligations under Section XIX of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section XIX of the Agreement in accordance with its terms.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

Signature: ______________________________	Signature: ______________________________
Printed Name: __________________________	Printed Name: __________________________
Signature: ______________________________	Signature: ______________________________
Printed Name: __________________________	Printed Name: __________________________

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

______________________________________ Name of Guarantor	______________________________________ Name of Guarantor
______________________________________ Name of Guarantor's Spouse	______________________________________ Name of Guarantor's Spouse
______________________________________ Signature of Guarantor's Spouse	______________________________________ Signature of Guarantor's Spouse

Exhibit L
To Franchise Disclosure Document

FORM LETTER OF INTENT

[Insert Date]

Dear Sir or Madam:

Re: Letter of Intent ("LOI") between Gelatissimo USA LLC ("Franchisor") and you ("Master Franchisee")

This letter of intent records the intentions of Gelatissimo USA LLC and Master Franchisee, in relation to the proposed grant of a Master Franchise Agreement ("MFA") for the territory of ________________________ (the "Territory") located in the United States of America.

The brief terms and conditions of the proposal are outlined below:

1. A MFA shall be entered into between Gelatissimo USA LLC (as the Franchisor) and you (as the Master Franchisee) for 10 years, from the date of signing the MFA with an option for renewal for another 10-year period and on such terms and conditions, as may be mutually agreed between us at the time of signing. A renewal fee of 25% of the Initial Franchise Fee paid is due and payable upon renewal.

2. The agreement will be for the Master Franchise Rights for the territory known as _________________, where you commit to open the first outlet.

3. The proposed summary terms for the Master Franchise Agreement include, but are not limited to the following:

    a. The grant of a Master Franchise for a term of 10 years.
    b. Payment of the Master Franchise Initial Franchise Fee of USD $__________ plus any applicable taxes structured in the following manner:

        i. USD $__________ deposit payable upon signing Letter of Intent; and
        ii. USD $__________ payable upon signing of the Master Franchise Agreement.

    c. There is an option to renew for a further term of 10 years, with the fee to be 50% of the Initial Master Franchise Fee paid. The entire renewal fee is payable at the time of signing the renewal MFA.

    d. USD $_________ per Gelato Kit, plus a 20% surcharge on deluxe flavors.

    e. A fixed Monthly Royalty paid to Gelatissimo structured in the following manner:

        i. USD $________ (plus any applicable taxes) per month, per store

f. Two weeks of training for two people is to be provided by Franchisor in Sydney, or at an alternative location designated by Franchisor (depending on travel and border restrictions). Travel costs are at the Master Franchisee's expense.

g. Initial store opening support by one person to be provided by Franchisor or its representative for up to 10 days at the Franchisor's Cost.

h. The Franchisor's approval of the corporate structure and the management structure through which you propose to operate the business.

4. After Signing the LOI, a deposit of 10% (USD $_____________) of the initial master franchise fee is payable within 7 days. If you choose not to proceed the deposit will be refunded minus any expenses incurred.

5. The MFA must be signed within a period of 120 days from the date of this letter and will supersede this Letter of Intent and shall have detailed provisions.

6. The Franchisor confirms that they are geared to provide requisite curriculum, including operational and training support for the launch of the first outlet within 60-120 days of signing of MFA.

7. The Franchisor agrees that you have the right to open any number of outlets in the territory without paying any additional franchisee fee.

8. Each Sub-Franchisee must meet all of the Franchisors selection standards and criteria set out in the MFA, but their approval is at the ultimate discretion of the Master Franchisee.

9. Each party will be responsible for their own expenses with regard to legal costs associated with the negotiation/completion of the documentation for the MFA.

10. Except as required by law, both parties undertake to keep confidential and not disclose to any person, other than with the other party's prior approval, the proposed MFA and all of its proposed terms, including (without limitation) the location of the Outlets.

This offer is only valid if signed by you and received by us within 7 days of the date of this letter. Franchisor recommends that you seek independent legal, business and accounting advice.

I look forward to a long and prosperous partnership between our two companies.

Execution of this Letter of Intent:

SIGNED ON BEHALF OF GELATISSIMO:

______________________________________ Date: ___________________________

Braden Lord
Chief Executive Officer
Gelatissimo Pty Ltd

SIGNED BY THE MASTER FRANCHISEE:
I confirm and agree to the above terms.

______________________________________ Date: ___________________________

Exhibit M
To Franchise Disclosure Document

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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
To Franchise Disclosure Document

RECEIPTS

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Gelatissimo USA LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, Gelatissimo USA LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires Gelatissimo USA LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Gelatissimo USA LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on Exhibit B.

The franchisor is Gelatissimo USA LLC, located at Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia. The name, principal business address, and telephone number of each Franchise Seller offering the Franchise are: Scott Leith, Braeden Lord, John Roth, and Stanley Roth, all at Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia and +61 (2) 8845 0100.

Issuance Date: March 28, 2022. The effective date in each state is listed on the State Cover Page. Gelatissimo USA LLC authorizes the agents listed in Exhibit B to receive service of process for it.

I have received a Franchise Disclosure Document dated March 28, 2022. This Disclosure Document included the following Exhibits:

A. Master Franchise Agreement and Exhibits
B. List of State Agents for Service of Process and State Administrators
C. Financial Statements
D. Statement of Prospective Franchisee
E. Table of Contents of the Operations Manual
F. General Release of All Claims
G. State-Specific Addenda
H. List of Franchisees and Their Outlets
I. List of Franchisees Who Ceased to Do Business Under the Franchise Agreement
J. Store Franchise Agreement
K. Store Area Development Agreement
L. Form of Letter of Intent
M. State Effective Dates
N. Receipts

____
(Print Name)

____
(Signature)

____
Date

Keep this copy for your records.

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Gelatissimo USA LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, Gelatissimo USA LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires Gelatissimo USA LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Gelatissimo USA LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on Exhibit B.

The franchisor is Gelatissimo USA LLC, located at Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia. The name, principal business address, and telephone number of each Franchise Seller offering the Franchise are: Scott Leith, Braeden Lord, John Roth, and Stanley Roth, all at Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia and +61 (2) 8845 0100.

Issuance Date: March 28, 2022. The effective date in each state is listed on the State Cover Page. Gelatissimo USA LLC authorizes the agents listed in Exhibit B to receive service of process for it.

I have received a Franchise Disclosure Document dated March 28, 2022. This Disclosure Document included the following Exhibits:

A. Master Franchise Agreement and Exhibits
B. List of State Agents for Service of Process and State Administrators
C. Financial Statements
D. Statement of Prospective Franchisee
E. Table of Contents of the Operations Manual
F. General Release of All Claims
G. State-Specific Addenda
H. List of Franchisees and Their Outlets
I. List of Franchisees Who Ceased to Do Business Under the Franchise Agreement
J. Store Franchise Agreement
K. Store Area Development Agreement
L. Form of Letter of Intent
M. State Effective Dates
N. Receipts

___________________________ ___________________________
(Print Name) (Signature)

____
Date

Please sign this copy of the receipt, date your signature, and return it to:
Gelatissimo USA LLC located at Unit 6, Parklands Estate, 9-11 South Street, Rydalmere, NSW 2116, Australia.