FRANCHISE DISCLOSURE DOCUMENT

Kona Ice, Inc.
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Kona Ice businesses provide flavored shaved ice, ice cream, and related products to the general public in a mobile environment ("Kona Ice Business(es)"). We offer franchises for single Kona Ice Businesses.

The total investment necessary to begin operation of a Kona Ice franchised business is between $150,400 and $174,150. This includes between $145,000 and $155,500 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tony Lamb, 5945 Centennial Circle, Florence, Kentucky 41042 or at 1-800-566-2423.

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

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

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

ISSUANCE DATE: April 16, 2021

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Kentucky. 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 Kentucky than in your own state.

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

3. **Mandatory Minimum Payments**. You must make minimum royalty, advertising and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

NOTICE REQUIRED BY
STATE OF MICHIGAN

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

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

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms 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 six 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 or 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. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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

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

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

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

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

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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

To simplify the language in this Franchise Disclosure Document, "KII," "we," "us," and "our" means Kona Ice, Inc., the franchisor. "You," "your," and "Franchisee" means the business entity and its owners that buys the franchise from Kona Ice, Inc.

The Franchisor

Kona Ice, Inc. is a Kentucky corporation formed in February 2008. We operate under the name Kona Ice, Inc. and Kona Ice and no other name. Our principal business address is 5945 Centennial Circle, Florence, Kentucky 41042. We began offering Kona Ice franchises in March 2008. We operate Kona Ice businesses similar to the type being offered and have done so since June 2007. Except as described above, we have not engaged in or offered franchises in any other line of business.

Parent, Predecessors and Affiliates

We have several parent companies (our "Parents").

KII is a wholly-owned subsidiary of Kona Ice Holdings, LLC, which is a wholly-owned subsidiary of Kona Ice Intermediate Holdings, LLC, which is a wholly-owned subsidiary of Kona Ice Ultimate Holdings, LLC. Our Parents share our principal business address.

Our affiliate, Kreations Flavoring, LLC ("Kreations Flavoring"), offers products to our franchisees. Its principal business address is 4306 Ganymede Dr. Austin, TX, 78727. Kreations Flavoring sells flavoring for the Kona Ice shaved ice products.

Our affiliate, TMJ Insurance, LLC ("Kona Insurance"), offers comprehensive property and casualty insurance to our franchisees. Kona Insurance shares our principal business address.

Our affiliate, Kona Ice Fundraising, LLC ("Kona Fundraising Affiliate"), offers a cloud-based software service that allows third-party fundraisers to streamline and enhance fundraising efforts. Kona Fundraising Affiliate will provide training, information and support regarding the marketing, advertising, promotion, and sale of its software service to franchisees who are granted the right to offer these fundraising services ("Kona Fundraising Services") in their territories.

Our affiliate, Mobile Coffee Company, LLC ("Affiliate Franchisor") has offered and sold Travelin' Tom's Coffee Truck franchises since April 2021. Our Affiliate Franchisor shares our principal business address. Travelin' Tom's Coffee Truck franchises operate mobile businesses that sell coffee, tea, and related products. Affiliate Franchisor operated prototype locations under a different brand and had no franchise locations as of December 31, 2020. Affiliate Franchisor is not engaged in any other business activity and has not offered or sold franchises in any other line of business.

Affiliate Franchisor, Kreations Flavoring, Kona Insurance and Kona Fundraising Affiliate do not conduct, and have never conducted, businesses of the type described in this Franchise Disclosure Document. Other than Affiliate Franchisor, our affiliates do not and have not offered franchises in this or any line of business.

Our agent for service of process in Kentucky is Northwest Registered Agent LLC, 212 N. 2nd St., Suite 100, Richmond, KY 40475. Our other agents for service of process are disclosed on Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer franchises ("Kona Ice Franchise(s)" or "Franchise(s)") for the use of our "KONA ICE" trademarks, trade names, service marks, and logos ("Marks") for the operation of Kona Ice Businesses. Kona Ice Businesses are operated under our proprietary Kona Ice system ("System"). The System may be changed or modified by us throughout your ownership of the Franchise. Kona Ice Businesses operate a mobile business which includes our proprietary Kona Ice truck, known as the Kona Entertainment Vehicle ("KEV") with the patented "FlavorWave Self-Service System" (U.S. Patent Number 8,157,136), and other mobile units that sell flavored shaved ice, ice cream, and related products. Customers can also book the KEV or other mobile units for various events, including fundraising events, sports leagues, school events or sports, festivals and fairs, birthday parties, corporate events, picnics, church events, block parties, daycares and preschools, etc. You must use the KEV only for the operation of the Kona Ice Business and only to sell the products that we authorize.

We may offer qualified franchisees the right to offer Kona Fundraising Services. Franchisees must sign an amendment to their Franchise Agreement ("Kona Fundraising Services Amendment") which is attached as Exhibit H-12 to this Disclosure Document. In addition, franchisees must sign Kona Fundraising Affiliate's "Sales Representative Agreement," which is also included in Exhibit H-12. Franchisees are not required to pay an additional fee to offer Kona Fundraising Services in their Protected Territory.

As the Kona Ice Business is a mobile business, you will most likely operate your Kona Ice Franchise from your home, but you may choose to rent an executive suite office or other commercial office space. Depending on your local laws and community rules, you may be required to rent or lease storage space for your KEV at a commissary location or other location.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C ("Franchise Agreement"). You must operate one KEV per Franchise Agreement. Each Franchise will be granted an exclusive territory which will be described in the Franchise Agreement ("Protected Territory"). Your Kona Ice Business must offer only those services and products that we have authorized. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Kona Ice Business at any time at our sole discretion.

Existing franchisees also have the option to purchase other Kona Ice equipment ("Additional Equipment"). As of the Issuance Date of this Franchise Disclosure Document, we currently offer the "Kona Entertainment Trailer," "Kona Entertainment Kiosk," "Kona Mini Truck" and the "KEV Express Truck." The KEV Express Truck is a smaller version of the KEV and does not have a freezer. Existing Franchisees may trade in their KEV for a KEV Express Truck ("KEV Express Conversion"). If a Franchisee does a KEV Express Conversion, all disclosures in this Franchise Disclosure Document that apply to a KEV will also apply to the KEV Express Truck (including royalty calculation and compliance with the Franchise Agreement). If a franchisee purchases a KEV Express Truck in addition to the KEV, the KEV Express Truck will be treated as Additional Equipment for purposes of royalties and compliance with the Franchise Agreement. Currently, the purchase of Additional Equipment is not mandatory and can only be purchased after your Kona Ice Business is established. Franchisees must purchase the Additional Equipment from us

or our affiliates but are not required to pay an additional initial franchise fee to use the Additional Equipment. Franchisees may only use the Additional Equipment in their Protected Territory.

Market and Competition

Kona Ice Businesses target their products and services to the general public. The market for frozen desserts and confections and other food and beverage products served in a mobile dining atmosphere is competitive and well-developed. Due to the nature of shaved ice and ice cream related products, sales are seasonal with more business activity in the warm months and little to no sales in colder months. The casual dining industry is highly competitive and is often affected by changes in eating habits, by local and national conditions affecting spending habits, and by population and traffic patterns. Kona Ice Businesses will compete with other local businesses, as well as many local, regional, and national restaurant businesses, grocery stores, street vendors, and other food service businesses offering similar products for mobile consumption, take out, delivery, and catering services.

You will also face normal business risks that could have an adverse effect on your Kona Ice Business. These include industry developments, such as pricing policies of competitors, consumer tastes, and supply and demand.

Industry-Specific Laws

Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your Kona Ice Business, including those which: (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the KEV; (b) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements; employee practices concerning the storage, handling, and preparation of food; special health, food service, and frozen dessert machine licensing requirements; restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness, (e) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials, (f) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as “low calorie” or “fat free,” and (g) establish requirements concerning withholdings and employee reporting of taxes on tips. Additionally, most states require a food handler’s license and possibly a hawkers or peddlers license which authorizes an individual to sell food from a mobile, outdoor business. Certain city or town clerks in the communities you plan to service may have additional licensing requirements.

Many local or state jurisdictions require food service permits for those preparing, handling and serving food to the public. You and your employees may be required to pass a test or other certification process to obtain these permits. There may also be local ordinances and regulations governing food storage, preparation and serving. The operation of your Kona Ice Business, including maintenance of the equipment, conduct and appearance of personnel, and the preparation and sale of products from your Kona Ice Business may be regulated by various governmental and municipal laws, rules, regulations, and ordinances that you must follow. Should any product dispensed at your Kona Ice Business be in violation of any applicable law or regulations, or if the food items, premises, equipment, personnel or operation of the Kona Ice Business pose a health risk to the public, the applicable governing authorities or agencies may require you to immediately close your Kona Ice Business, terminate selling operations, destroy all contaminated products, eliminate the source of contamination, and remedy all unsanitary conditions present. These governing authorities or agencies may require that you undergo and pass inspection(s) before you reopen for business.

Any person who drives your KEV must have a valid driver's license and each of your KEVs must be properly licensed and registered. The requirements for these licenses may vary, depending on your location. Should we require safety additions to your KEV or if your KEV is subject to a manufacturer's vehicle safety recall, you must immediately perform the required repairs, changes, maintenance and/or inspections before using your KEV in the operation of you Kona Ice Business.

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Kona Ice Franchise despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Kona Ice Business. Failing to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer, President, Secretary and Board Member: Tony Lamb

Mr. Lamb serves as our Chief Executive Officer, President and Secretary, and also serves as a member of our Board of Directors in Florence, Kentucky and has done so since our inception in February 2008. Mr. Lamb serves as the Chief Executive Officer, President and Secretary, and also serves as a member of the Board of Directors for Affiliate Franchisor in Florence, Kentucky and has done so since January 2021.

Board Member: Matthew Perelman

Mr. Perelman serves as a member of our Board of Directors in Florence, Kentucky and has done so since July 2019. Mr. Perelman also serves as a member of the Board of Directors for Affiliate Franchisor in Florence, Kentucky and has done so since January 2021. Mr. Perelman is a Co-Founder and has been a Managing Partner of Garnett Station Partners, an investment firm in New York, New York focused on retail and consumer companies, since September 2013. Mr. Perelman has been a Trustee of the Heckscher Foundation for Children since June 2016, and a Trustee of Reading Partners, both in New York, New York.

Board Member: Alexander Sloane

Mr. Sloane serves as a member of our Board of Directors in Florence, Kentucky and has done so since July 2019. Mr. Sloane also serves as a member of the Board of Directors for Affiliate Franchisor in Florence, Kentucky and has done so since January 2021. Mr. Sloane is a Co-Founder and has been a Managing Partner of Garnett Station Partners, an investment firm in New York, New York focused on retail and consumer companies, since September 2013. Mr. Sloane has been a Trustee of the Heckscher Foundation for Children since June 2009 and a Trustee of America Needs You since 2011, both in New York, New York.

Board Member: Robert A. Whitehouse II

Mr. Whitehouse serves as a member of our Board of Directors in Florence, Kentucky and has done so since July 2019. Mr. Whitehouse also serves as a member of the Board of Directors for Affiliate Franchisor in Florence, Kentucky and has done so since January 2021. Mr. Whitehouse has been the Chief Executive Officer of Eagle Financial Services, Inc. and affiliated entities in Florence, Kentucky, which focus on multi-state consumer lending, commercial real estate and furniture stores, since August 2014. Prior to joining Eagle Financial Services, Inc., Mr. Whitehouse founded and was Managing Partner at the Whitehouse Law Firm LPA in Cincinnati, Ohio from November 2006 to August 2014. In addition, Mr.

Whitehouse founded and owned Pro Market Real Estate Solutions, Inc., a title services company in Cincinnati, Ohio from October 2007 to August 2014. Mr. Whitehouse is the past president and has been a member of the board of directors of the Ohio Financial Services Association in Columbus, Ohio since August 2014, and has been a member of the board of directors of the Kentucky Consumer Finance Association in Lexington, Kentucky since November 2014.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee ("Initial Franchise Fee") of $15,000 when you sign the Franchise Agreement. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your Kona Ice Business and also offsets some of our franchisee recruitment expenses. Each Franchise Agreement will grant you the right to operate one KEV and Additional Equipment in the Protected Territory. If you desire to operate more than one KEV, you will be required to purchase an additional Kona Ice Franchise for each KEV (unless you purchase a KEV Express Truck as Additional Equipment which you may operate in your Protected Territory). The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement(s), and is deemed fully earned by us once paid and is not refundable.

Additional Franchise Reservation Fee

Franchisees may also reserve an additional franchise and territory ("Reserved Franchise") subject to availability and our approval by paying a reservation fee of $10,000 per territory ("Reservation Fee") when you sign the "Additional Franchise Reservation Agreement" which is attached as Exhibit H-5 to this Disclosure Document. You will be able to reserve a territory for up to 12 months. We will also give you a right of first refusal for an additional 12 months if you do not purchase the Reserved Franchise within the 12-month period. You cannot renew the Additional Franchise Reservation Agreement if you fail to purchase the Reserved Franchise. The Reservation Fee will be applied to the Initial Franchise Fee if you execute a new franchise agreement for an additional Kona Ice Franchise. The Reservation Fee is uniform and nonrefundable even if you do not open an additional Kona Ice Franchise.

Kona Entertainment Vehicle

You will be required to purchase one (1) KEV from us. You will be required to pay the then-current KEV price at the time you take delivery. As of the Issuance Date of this Franchise Disclosure Document, the current KEV price is for $124,500. You will pay a nonrefundable $5,000 deposit when you sign the Franchise Agreement and the remaining balance when you take delivery of your KEV (currently $119,500). You will be required to pay for any optional customization or additional features that you request that are not standard on the KEV. KEV payments are nonrefundable even if you do not open a

Kona Ice Franchise. The KEV will come equipped with an ice shaving machine, two cold plate freezers, our proprietary music system, and our proprietary patented FlavorWave Self-Service System. This station allows the customers to choose and apply their own flavorings to the shaved ice product. Franchisees are required to operate at least one KEV and may operate multiple KEVs in their Protected Territory. If a franchisee purchases multiple Franchises, franchisees may purchase KEV Express Trucks instead of KEVs for the additional franchises (currently $100,750 per KEV Express Truck).

KEV Compliance Fee

You may be required to pay a fee in the event that we or our affiliate needs to modify any part of the KEV from our standard specifications in order to meet with relevant state or local health department requirements in your Protected Territory. If required, these modifications usually cost between $0 and $5,000. These payments are nonrefundable.

Initial Inventory

We require all Franchisees to purchase an initial supply of cups and flavorings, a graphics package, and a Kona Ice welcome box that includes branded t-shirt uniforms from us before you begin operation of your Kona Ice Business. The cost of the initial inventory is $5,500 and is to be paid prior to the start of your Kona Ice Business and is nonrefundable.

Optional Inventory

You may, but are not required to, purchase Kona Ice branded merchandise from us such as stuffed penguins, beach balls, shirts, and hats for approximately $500, depending on the quantity you purchase. These payments are nonrefundable.

Insurance

You may, but are not required to, purchase your required insurance through our affiliate, Kona Insurance. You will be required to obtain your insurance prior to picking up your KEV. Your insurance will be approximately $1,500 for three months of coverage, but may be depend on various factors, including your location and whether you have had prior issues or claims from previous operations. These initial amounts owed may be paid up to three weeks following issuance, depending on state law. If you have had prior issues or claims from previous operations, your rates may be significantly higher. These payments are nonrefundable.

Fee Deferral

Some states have imposed a fee deferral ("Fee Deferral"). Please refer to the Addendum in Exhibit G to the Franchise Disclosure Document.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty[2], [3]	$3,000 for years one and two, $3,500 for years three through six, $4,000 for years seven through ten	3 equal installments due June 30, July 31, and August 31 of each year or 6 equal installments due May 31, June 30, July 31, August 31, September 30 and October 31. Payable beginning the first calendar year in which you take delivery of the KEV	This royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance. We reserve the right to charge additional royalties for the use of Additional Equipment. If you are renewing your franchise agreement, you are required to pay our then-current successor franchise royalty payments. If you are purchasing an existing franchise, the date for determining royalty payments will be determined from the date the initial franchise agreement was signed.
Additional Equipment Royalty[3]	Varies based on the type of Additional Equipment (currently $600 to $2,000 per year)	Same as royalty	You may purchase any Additional Equipment for use in your Protected Territory. You are not required to purchase any Additional Equipment during the term of the Franchise Agreement.
Reservation Fee	$10,000 per territory	As incurred	Franchisees may reserve territories in addition to the Protected Territory. The Reservation Fee will be applied to the Initial Franchise Fee if you purchase an additional Franchise.
Territory Infringement Fee	$1,000 plus invoice amount for first violation; $5,000 plus invoice amount for second and subsequent violations	As incurred	Payable to us if you infringe on another Kona Ice franchisee's Protected Territory by receiving payment for goods and/or services provided and/or rendered within the other franchisee's Protected Territory without that franchisee's and/or our permission. We may direct the funds at our option.
Initial Territory Adjustment Fee	$1,000 to $2,500	As incurred	We may, subject to availability and our approval, allow you to adjust your Protected Territory during your first 90 days of operation of your Kona Ice Business. You will be required to pay an "Initial Territory Adjustment Fee." This fee will be $1,000 during the first 30 days of operation and $2,500 beginning on the 31st day. No revisions will be granted after 90 days of the delivery of the KEV.
Territory Relocation Fee	$2,500	As incurred	This "Territory Relocation Fee" is payable to us if we approve the relocation of your Protected Territory.

Type of Fee[(1)]	Amount	Due Date	Remarks
Brand Fund Contribution	Currently $500 per year	Annually on or before June 30	We have established a system wide "Brand Fund." The Brand Fund contribution amount can be raised annually by up to 10%, and/or increased for marketing projects upon approval of the "Brand Advisory Board." See Item 11 for more information.
Additional Training	Then-current fee (currently approximately $0)	As incurred	We may charge you for training newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you may need or request. The fee amount will depend on the training required and experience level of the trainer.
Kona Email Address Fee	$60 per email address per year	Annually on or before October 1	Payable to us for each email address we establish for you. Each franchisee entity is required to have at least one Kona email address. If you purchase multiple Franchises, you will be required to have a separate email address for each Franchise.
Technology Fee[(4)]	The then-current fee (currently $10 to $159.99 per month)	Due on the 15th day of each month	During the initial term of your Franchise Agreement, the technology fee is $10 per month as long as you operate a single KEV or KEV Express Truck during the first year. ("Technology Fee") Beginning the earlier of: (i) your second year of operations, (ii) when you operate multiple KEVs (or KEV Express Trucks) or add Additional Equipment; or (iii) under a successor franchise agreement, you will pay our then-current successor franchise agreement as described in Note 4. This fee covers certain technologies used in the operation of your Kona Ice Business including our proprietary MyKonaBiz operating software. Some of these technologies may be provided by us or by third parties. We reserve the right to upgrade, modify and add new technologies and software. You will be responsible for any increase in fees that result from any third-party price increases, upgrades, modifications or additional software, including any proprietary POS software. We may change to an annual Technology Fee in the future.

Type of Fee[(1)]	Amount	Due Date	Remarks
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained (currently $500 per month) plus 20% of the premium for an administrative cost of obtaining the insurance.
Customer Satisfaction Reimbursement	Varies under circumstances	As incurred	We may, in our sole discretion, remedy any issues with customers of your Kona Ice Business, including full reimbursement of any fees paid to you. You are required to reimburse us for any such costs.
Misappropriated Brand Manual Fee[(5)]	Will vary under the circumstances	On demand	Our "Brand Manual" (as defined in Item 8) contains valuable intellectual property and trade secrets. Each franchisee will get one copy of the Brand Manual. If you lose, give away, make unauthorized copies, fail to return or otherwise misappropriate all or some of the Brand Manual, you will be required to pay us liquidated damages according to the formula listed in Note 5 to offset the damages that we will incur as a result of this misappropriation.
Non-Compliance Fee	$1,000 for the first violation; $5,000 if violation is not corrected within 30 days; $5,000 for the second violation.	As incurred	This fee is assessed if you receive notice that you are failing to follow our system standards, failing to use the required cups and flavorings, failing to comply with the provisions of the Franchise Agreement or failing to follow the provisions of our Brand Manual. This fee is in addition to any and all remedies that we have available under the Franchise Agreement. If you commit three or more violations in a single year, your Franchise Agreement may be terminated.
Payment Service Fees	Up to 3% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may include a service fee of up to 3% of the total charge.
Late Fees	$25 per day, plus the lesser of the daily equivalent of 12% per year simple interest or the highest rate allowed by law	On demand	Payable if any payment due to us or our affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full.
Returned Check or Insufficient Funds Fee	$100	As incurred	Payable if any check or electronic funds transfer payment is not successful due to insufficient funds, stop payment, or any similar event.

Type of Fee[1]	Amount	Due Date	Remarks
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Kona Ice Business or Franchise.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement. You will also be required to pay any professional fees that we incur for certain transfers as discussed in this Item 6.
Renewal Franchise Fee	$7,500	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Transfer Fee	$5,000 to $7,500	$1,000 nonrefundable deposit at time of transfer application submittal and the remaining balance of fee at time of approved transfer	This fee is payable in connection with the transfer of your Kona Ice Business, your KEV, a transfer of ownership of your legal entity, or the Franchise Agreement. If you transfer to an existing Kona Ice franchisee, the transfer fee is $5,000. Otherwise, it is $7,500. If you are transferring the Franchise Agreement to an entity that you control, family, or adding minority equity owners, you will not be required to pay a transfer fee, but you must pay our actual costs, including legal fees.
Ancillary Transfer Fee	$500	At time of approved transfer	Payable in connection with the transfer of your Additional Equipment. You will be required to pay off any loans on the Additional Equipment prior to transfer.

Type of Fee[(1)]	Amount	Due Date	Remarks
KEV Remodel or KEV Upgrades	Will vary under circumstances (the average in 2020 was $17,361.70)	Upon execution of successor franchise agreement, upon a KEV rewrap or upon a transfer of an existing KEV (and KEV Express Truck and Additional Equipment, if any) that has not completed the required remodels	You are required to keep your KEV (and KEV Express Truck and Additional Equipment, if any) in compliance with current standards which includes a rewrap when required (at least every seven years of operation). You may be required to pay this fee for the KEV (and KEV Express Truck and Additional Equipment, if any): (1) upon execution of successor franchise agreement for a Kona Ice Franchise that has not completed the required remodels or is not in compliance with current standards; (2) for the transfer of a Kona Ice Business that has not completed the required remodels; or (3) if they are not in compliance with current standards.
Mystery Shopper Fee	$1,000 per occurrence	On demand	We may require you to conduct a self-shop by sending photos of your KEV. If the results of the self-shop shop are unsatisfactory or you do not participate, we may send a mystery shopper or similar third party to conduct a mystery shop. If the results of the mystery shop are unsatisfactory, we will conduct a mystery shop of your Kona Ice Franchise and you must pay us a fee of $1,000 to cover our travel and expenses and you will be subject to non-compliance fees.
Lead Procurement Fee	$15,000 or the third-party broker fee	As incurred	Payable only in connection with the transfer to a purchaser that was referred to you through one of our leads or through a third party broker that we have a contract with. This fee is in addition to the Transfer Fee.
Audit	Cost of audit and any related accounting and legal expenses and related travel and administrative expenses (we estimate this cost to be between $1,000 and $10,000)	On demand	You will be required to pay these costs if an audit reveals that you have failed to submit required reports or other information that we require.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us and our affiliates via electronic funds transfer ("EFT") or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit H. We can require an alternative payment method or payment frequency for any fees or amounts owed to us

or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Royalty. Beginning on the opening date of your Kona Ice Business, and continuing for the term of this Franchise Agreement, including any interim period between franchise agreements, you agree to pay us the royalty fees listed below (the "Royalty") in either three or six installments per year ("KEV Royalty Schedule"):

Time Period*	Total Royalty	KEV Royalty Schedule (If you make 3 installment payments per year)	KEV Royalty Schedule (If you make 6 installment payments per year)
Years 1-2	$3,000	June 30: $1,000 July 31: $1,000 August 31: $1,000	May 31: $500 June 30: $500 July 31: $500 August 31: $500 September 30: $500 October 31: $500
Years 3-6	$3,500	June 30: $1,166 July 31: $1,166 August 31: $1,168	May 31: $583 June 30: $583 July 31: $584 August 31: $583 September 30: $583 October 31: $584
Years 7-10 (plus any interim period between franchise agreements, if applicable)*	$4,000	June 30: $1,333 July 31: $1,333 August 31: $1,334	May 31: $666 June 30: $666 July 31: $667 August 31: $666 September 30: $666 October 31: $667

If you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement, or, if you are a transferee, then the date for determining your KEV Royalty Schedule will be the date the initial franchise agreement was signed for the Kona Ice Business you are continuing to operate or acquired and you must pay our then-current successor royalty for successor franchise agreements which is currently $4,000 for year 11; $4,500 for years 12 through 15 and $5,000 for years 16 through 20.

3. Additional Equipment Royalty. If you purchase Additional Equipment, you will be required to pay the additional equipment royalty ("AE Royalty") for such Additional Equipment, which will be noted in an amendment to the Franchise Agreement.

As of the Issuance Date of this Franchise Disclosure Document, the Additional Equipment offered, the purchase price, and the AE Royalty amount during the initial term is as follows:

Equipment	Amount	AE Royalty
Kona Entertainment Trailer	$42,500 plus shipping	$1,000 annually
Kona Entertainment Kiosk	$32,500 plus shipping	$750 annually
KEV Express Truck*	$100,750 plus shipping	$2,000 annually**
Kona Mini Truck	$24,650 - $26,850 plus shipping	$600 annually

These amounts are subject to change. If you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement, you must pay our then-current successor AE Royalty, which may be higher. You may not purchase any Additional Equipment until your KEV is operating in your Protected Territory. The AE Royalty will be due for as long as you own the Additional Equipment.

*If you are doing a KEV Express Conversion, you will be required to trade in your KEV to us and pay shipping for the KEV Express Truck.

**If you are doing a KEV Express Conversion, you will be required to pay according to the KEV Royalty Schedule and not the AE Royalty listed in the chart above.

4. Technology Fee. We will provide you with certain technical services in exchange for your monthly Technology Fee, which may change from time to time based on changes to the technical services we provide and/or our costs to provide these services. We reserve the right to license, sublicense and create software and technology that Kona Ice franchisees must pay for and use. We can change the software and technology that must be used by our franchisees at any time, which may result in changes to the Technology Fee. Currently, we require that you utilize software provided by third-party suppliers. You are required to pay these suppliers for the use of the software. The current Technology Fee schedule is set forth in the chart below, which shall apply the earlier of your second year of operations or once you operate multiple KEVs, KEV Express Trucks or add Additional Equipment:

Total Number of KEVs, KEV Express Trucks and Additional Equipment	Monthly Technology Fee
1 - 2	$39.99
3 - 6	$79.99
7 - 9	$119.99
10+	$159.99

5. Misappropriated Brand Manual Fee. These liquidated damages are determined by taking our total revenue from our previous fiscal year, multiplied by the fraction which results from taking one

divided by the current number of Kona Ice franchisees as of the date of the misappropriation, except that this fee will not, under any circumstances, be less than $30,000.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Initial Franchise Fee	$15,000	$15,000	Lump Sum	Upon signing the Franchise Agreement	Us
KEV and Installed Equipment(1)	$124,500	$124,500	Two Installments	$5,000 due upon signing the Franchise Agreement and the balance of $119,500 due upon delivery or pick up of the KEV and related equipment	Us
Training Expenses(2)	$850	$950	As Incurred	As Incurred	Providers of Travel, Lodging, and Food Services
KEV Delivery(3)	$500	$3,000	Lump Sum	Upon delivery of the KEV and related equipment	Third Party
KEV Compliance Fee	$0	$5,000	As Incurred	As Incurred	Us or our affiliate
KEV Insurance for 3 Months(4)	$600	$1,500	As Incurred	As Incurred	Our affiliate or Insurance Companies
Tax, Title, and Licensing of KEV(5)	$2,000	$6,000	Lump Sum	Upon delivery or pick up of the KEV	Government Agencies
Initial Inventory(6)	$5,500	$5,500	Lump Sum	Before Opening	Us
Optional Inventory(7)	$0	$500	As Incurred	As Incurred	Us, Suppliers
Permits and Licenses(8)	$250	$1,500	Lump Sum	As Incurred	Government Agencies
Real Estate or KEV Storage(9)	$0	$1,200	As Incurred	As Incurred	Third Parties
Computer System and Software	$200	$1,000	As Incurred	Before Opening	Suppliers
Additional Funds – 3 Months(10)	$1,000	$8,500	As Incurred	As Incurred	Us, Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT(11)	$150,400	$174,150			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Kona Ice Franchise. You may be able to finance the purchase of your KEV (See Item 10). All expenditures paid to us or our affiliates are uniform and nonrefundable under any circumstances once paid. All expenses payable to third parties are nonrefundable, except as you may arrange for utility deposits and other payments.

1. KEV and Installed Equipment. Only the KEV may be used in the operation of your Kona Ice Business. No other truck or vehicle may be used in the operation of your Kona Ice Business. These items must be purchased from us or our affiliate.

2. Training Expenses. We will pay for hotel and airfare for one attendee for our initial training program in Elkhart, Indiana. If you are in a state with a Fee Deferral, we will reimburse you for hotel and airfare for one attendee after your Kona Ice Business is open. The low estimate is for an attendee's miscellaneous travel expenses. The high estimate is for one attendee's airfare, hotel and (which will be reimbursed if you are in a state that required a fee deferral) and miscellaneous travel expenses.

3. KEV Delivery. You are responsible for picking up your KEV from the manufacturer located in Florence, Kentucky after initial training, or you may choose to have your KEV delivered. KEVs are delivered from Florence, Kentucky. If you choose delivery, you will pay the delivery fee directly to the transportation company based on the then-current delivery rate.

4. KEV Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Kona Ice Business, your rates may be significantly higher than those estimated above. You may, but are not required to, purchase this insurance through the captive insurance program offered through our affiliate.

5. Tax, Title, and Licensing of KEV. You are required to pay all federal and state tax, title, licenses, and other costs of titling the KEV. The estimates above include a sales (or usage) tax of an estimated 6% of the purchase price of the KEV. The actual amount may be more depending on the tax rate in the jurisdiction where you title your KEV. You should check with your local county clerk's office or other governmental titling office for your state's tax rate and the exact cost to title and license your KEV.

6. Initial Inventory. You must purchase an initial inventory of ice, sugar, cups and flavorings, a graphics package, and a Kona Ice welcome box that includes branded t-shirt uniforms to begin operation of your Kona Ice Business. These items must be purchased from us or our affiliate, and you are not permitted to purchase any of these items, with the exception of ice and sugar, from alternate sources.

7. Optional Inventory. You may choose to purchase pre-packaged ice cream products from any vendor of your choosing, but you are not required to do so. You may also purchase Kona Ice branded merchandise such as stuffed penguins, beach balls, shirts, and hats from us; however you are not required to do so.

8. Permits and Licenses. You are required to pay for local permits and licenses, usually required in each city, county, and state where you operate. You should check with your local taxing authorities and with your tax advisor for the amount of such governmental charges.

9. Real Estate or KEV Storage. Because most of our Franchisees will operate their Kona Ice Business out of their residences, this chart does not include estimates for items such as real property, real estate deposits, leases, leasehold improvements, furniture, fixtures, fixed assets, remodeling, construction, decorating costs, utility deposits, or security deposits, which will likely not apply unless you choose to acquire a business premises. In addition, we assume that you will not need to obtain desks, chairs, and other standard office supplies and equipment and do not include estimates for these items. You may be required to rent a storage area for your KEV. The low end assumes that you can store your KEV at your residence. The high estimate provides for three months of storage at an outdoor vehicle storage area.

10. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Kona Ice Business. Expenses could include office/warehouse space (if required), utilities, special event fees, uniforms, as well as additional operating capital for other variable costs such as fuel, vehicle maintenance, Internet service, and mobile phones/telephone. In the event you intend to hire employees to operate your KEV, you should add their expected salary to this figure. These figures include $3,000 in royalty fees and $500 in Brand Fund contributions, which may be due within your initial three-month start-up phase. We have elected to include certain fees as line items above, including the KEV insurance payments. These fees could also be included in our Additional Funds amounts. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Kona Ice Business opens for business. We have relied on our operation of similar businesses since 2007 and our franchising experience since 2008 to arrive at these estimates. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the start-up period. Additional funds for the operation of your Kona Ice Franchise will be required after the first three months of operation if sales produced by the Kona Ice Franchise are not sufficient to produce positive cash flow.

11. Figures May Vary. This is an estimate of your initial start-up expenses for one Kona Ice Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

System Standards

To ensure the highest degree of quality and service is maintained, you must operate the Kona Ice Business in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual ("Brand Manual"), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. Our Brand Manual will include our "Success Guide" and may also include other written components.

System standards may regulate, among other things, the types, models, and brands of supplies, equipment, furnishings, and signs; services, products, and supplies the Kona Ice Franchise must offer; unauthorized and prohibited services and products; inventory requirements; and designated and approved suppliers of these items. You must not: (i) deviate from these methods, standards, and specifications

without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Your Kona Ice Business must prepare and sell only the products that we designate and approve. We have the right to make modifications to these products from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service without our prior written consent. Establishing and enforcing brand standards are the mechanism by which we maintain the quality and consistency of the Kona Ice brand. If any product dispensed at your Kona Ice Business violates our System standards or any applicable laws or regulations, or poses a health risk to the public, we may require that you immediately close your Kona Ice Business and not reopen until approved to do so by us after our inspection. In order to protect the public from any risk of harm and to protect the goodwill and reputation of the System, we may seek immediate injunctive relief seeking an order to close your Kona Ice Business if you fail to close your Kona Ice Business upon our request.

We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Brand Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you unless these standards and specifications contain our confidential information. You may be required to, at your sole expense, remodel, modernize, and redecorate the KEV so that the KEV reflects our then-current Standards as to image and quality.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Kona Ice Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify.

KEV Appearance

You must maintain the appearance of the KEV in accordance with our brand standards, including a rewrapping as required by us based on the condition of the KEV (but no later than seven years after you purchase the KEV). You will be required to update the KEV appearance as follows: (1) the execution of successor franchise agreement for a Kona Ice Franchise with a KEV that has not completed the required remodels or is not in compliance with current standards; (2) for the transfer of a Kona Ice Business with a KEV that has not completed the required remodels; or (3) for a KEV that is not in compliance with current standards. See Item 11 for more information. You must use our approved supplier for the window tinting of your KEV.

Additional Equipment

If you purchase any Additional Equipment, you will be required to rewrap the equipment every seven years at your expense.

Insurance

You must obtain and maintain at your own expense and from a supplier rated "A-" or better by Best's Insurance Reports, the insurance coverage that we periodically require and satisfy other insurance-related obligations. You currently must have the following coverage:

A. If you have employees, workers' compensation insurance in an amount not less than $500,000 or a higher amount as required by state statute or rule in the state in which your Kona Ice Business is located;

B. Fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood (if the KEV is in a Designated Flood Hazard Area), and sprinkler leakage insurance for the KEV and all fixtures, equipment, supplies and other property used in the operation of the Kona Ice Business, in an amount the greater of $124,500 or 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted;

C. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a shaved ice business located in your Protected Territory, but not less than $1,000,000, insuring both you and us against all claims, suits, obligations, liabilities and damage, including attorney fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Franchise;

D. You must procure, maintain and provide evidence of automobile (truck) vehicle liability insurance covering the driving of the KEV and any Additional Equipment in an amount of not less than $1,000,000; and

E. Such additional insurance as may be required by the terms of any lease or mortgage for the Franchise.

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. You may purchase all of your insurance through the captive insurance program offered by our affiliate, Kona Insurance. The captive insurance program is a comprehensive property and casualty insurance program covering the Kona Ice Franchisee's in the following areas: Commercial Auto Liability; Commercial Auto Physical Damage; Commercial General Liability; Property Coverage and Inland Marine; Workers Compensation; and Commercial Umbrella. The program is underwritten by Great American Insurance Group and administered by Cornerstone Insurance.

All insurance policies, except for employment liability insurance policies, must name us and any affiliates we designate as additional named insured parties and provide for 30 days prior written notice to us of a policy's material modification, cancellation or expiration. You must furnish us with a copy of your Certificate of Insurance within ten days after the policy is issued or renewed.

Approved Products and Services

We may develop proprietary food products ("Products") and may develop and own proprietary recipes ("Proprietary Recipes"). In order to protect their trade secrets and to monitor the manufacture, packaging, processing, and sale of Products, we or our affiliate will: (i) manufacture, supply, and sell proprietary food Products to Kona Ice franchisees; and/or (ii) disclose Proprietary Recipes to a limited number of suppliers, including our affiliate.

You must obtain services and products from: (1) designated suppliers, (2) approved suppliers, and/or (3) according to our specifications. We will issue you a list of the designated and approved suppliers. If you want to use or sell a product or service that we have not yet evaluated or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for services and products that require supplier approval), you must follow the policies and procedures contained in our Brand Manual. Our approval generally will be based on the supplier's ability to consistently make the manufactured product to our standards, requirements, and/or specifications; the supplier's willingness to protect our confidential information; production, delivery, and service capability to meet supply and service commitments; and other criteria as may be detailed in the Brand Manual. We will use commercially

reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. Costs associated with gaining approval may be your responsibility and/or the supplier's where existing suppliers are capable of providing an existing product. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, provider, product or service that does not continue to meet our specifications. We do not provide material benefits to you based solely on your use of designated or approved suppliers, other than that you will not be in default, will be able to renew or transfer, and will have the intangible benefit of uniform quality standards. Our affiliate, Kona Insurance, is an approved supplier of comprehensive property and casualty insurance. Some of our officers own an interest in Kona Ice, which is the only approved supplier of the KEV, the Additional Equipment and certain branded merchandise. Some of our officers own an interest in Kreations Flavoring, LLC, which is an approved supplier of flavoring. Some of our officers own an interest in Kona Insurance, which is an approved supplier of insurance. One of our directors is an officer of Eagle Financial Services, Inc., which is an approved supplier of financing. The owner of Eagle Financial Services, Inc. has an indirect small minority interest in us.

We estimate that approximately 90% of purchases required to open your Kona Ice Franchise and 15% of purchases required to operate your Kona Ice Franchise will be from us or from other approved suppliers or under our specifications. During our last fiscal year, ended December 31, 2020, we received $14,753,267 in revenue from these required purchases. This number represents revenue and not profit from product sales and includes those products which franchisee may choose to buy from us but are not required (such as merchandise). This number represents 60.4 % of our total revenues of $24,408,838. During our last fiscal year, ended December 31, 2020, our affiliate Kreations Flavoring received $1,176,220 in revenue from these required purchases. During our last fiscal year, ended December 31, 2020, our affiliate Kona Insurance received $1,196,113 in revenue from these required purchases.

We have negotiated purchase arrangements with suppliers and distributors for the benefit of our Franchisees, and we may receive rebates or volume discounts (maximum of 3% to 5%) from our purchase of equipment and supplies that we resell to you.

Additional Equipment

You may, but are not required to, purchase any Additional Equipment that we offer for use in your Protected Territory during the term of the Franchise Agreement. If you purchase Additional Equipment, you will be required to pay the AE Royalty as stated in Item 6.

Approval of New Suppliers

We may update the list of approved suppliers in the Brand Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Franchise Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2, 3A, & 3B	Items 7 & 11
b. Pre-opening purchases/leases	Section 3	Item 7
c. Site development and other pre-opening requirements	Sections 3, 4A, 4B, 5A, & 9	Item 11
d. Initial and ongoing training	Sections 5A, 5B, & 5C	Item 11
e. Opening	Section 3	Item 7 & 11
f. Fees	Sections 3D, 4, 5D, 9J, 9K, 13C, 14A	Items 5, 6 & 7
g. Compliance with standards and policies/Franchise Operations Manual	Sections 5C, 5D and 9	Items 8, 15, & 16
h. Trademarks and proprietary information	Sections 6 & 7	Items 13 & 14
i. Restrictions on products/services offered	Sections 9B & 9D	Items 8 & 16
j. Warranty and customer service requirements	Sections 1A, 1B & 9E	Not Applicable
k. Territorial development and sales quotas	Section 2	Item 12
l. On-going product/service purchases	Section 9D	Item 8
m. Maintenance, appearance, and remodeling requirements	Sections 3 & 9	Items 7, 8, & 11
n. Insurance	Section 9G	Item 7
o. Advertising	Section 10	Items 6 & 11
p. Indemnification	Section 17D	Item 6
q. Owner's participation/management and staffing	Sections 3, 5E, 5F, & 9F	Items 11 & 15
r. Records and reports	Section 11	Item 17
s. Inspections and audits	Section 12	Item 6
t. Transfer	Section 13	Item 17
u. Renewal	Section 14	Item 17
v. Post-termination obligations	Section 16	Item 17
w. Non-competition covenants	Section 16D	Item 17

Obligation	Section in Franchise Agreement	Franchise Disclosure Document Item
x. Dispute resolution	Section 18	Item 17

ITEM 10
FINANCING

Except as stated below, neither KII nor any agent or affiliate of ours offers direct financing. We do not guarantee your note, lease or obligation. We do not have any past or present practice to sell, assign or discount to any third party, in whole or in part, any financing arrangements. We reserve the right to offer further financing or assist franchisees in obtaining financing in the future.

At their sole discretion, and if you qualify, the following lenders may offer you financing for the purchase of your KEV; kiosk, mini or trailer; and/or initial inventory ("Financing"): (i) Eagle Financial Services, Inc. ("Eagle"); (ii) a hybrid of Ally Financial, Inc. ("Ally") and Eagle (together, "Ally-Eagle"); and (iii) Auxilior Capital Partners ("Auxilior"). The owner of Eagle has an indirect small minority ownership interest in us. An officer of Eagle is also one of our directors.

Eagle Financing

Eagle may also offer you Financing for the purchase of your kiosk, mini or trailer. You will be required to enter into a commercial promissory note ("Note") attached in Exhibit H to this Franchise Disclosure Document. Neither we nor any affiliate or agent receives any consideration for placing financing with Eagle. The following table summarizes the Financing Eagle may offer you:

SUMMARY OF EAGLE FINANCING OFFERED[1]	
Item Financed	Purchase price of a kiosk, mini or trailer
Amount Financed	Full balance of a kiosk, mini or trailer
Down Payment	Balance of purchase price after Financing amount has been determined
Term	36 months
APR %	9.99%
Monthly Payment	36 equal monthly installments; varies according to amount financed
Prepayment Penalty	None
Security Required	Partner or shareholder and personal guarantee and pledge of the Franchise[2]
Liability Upon Default	Late penalty; acceleration of amounts due; fees[3]
Loss of Legal Right On Default	Waiver of trial by jury and right to interpose any defense, set-off, or counterclaim of any nature or description[4]

The Financing for a kiosk, mini or trailer is paid in 36 equal monthly installments at an interest rate of 9.99%.

Notes:

1. If your business is a partnership, corporation or other recognized legal entity, the Note must be guaranteed individually by all partners or shareholders. The Note must be secured by the assets of the Kona Ice Franchise.

2. In the case of nonpayment or other default under the Note, Eagle can require immediate payment of all amounts due them and can collect reasonable attorney fees and all costs and expenses of collection.

3. The Note requires that you waive trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description.

Ally-Eagle Financing

Ally and Eagle in combination may also offer you Financing for the purchase of your KEV and initial inventory pack. You will be required to enter into the Note for Eagle and a Retail Installment Contract – Motor Vehicle – Simple Interest for Ally ("Retail Contract") both attached in Exhibit H to this Franchise Disclosure Document. Neither we nor any affiliate or agent receives any consideration for placing financing with Ally or Ally-Eagle. The following table summarizes the Financing Ally-Eagle may offer you:

SUMMARY OF ALLY-EAGLE FINANCING OFFERED(1)	
Item Financed	Purchase price of one KEV and initial inventory pack
Amount Financed	Full balance of KEV plus initial inventory pack, split between Ally and Eagle
Down Payment	Balance of purchase price after Financing amount has been determined
Term	60 months
APR %	For Ally portion of loan: rate based on credit application results (best results have been approved at 5%) For Eagle portion of loan: 9.99%
Monthly Payment	For Ally portion of loan: 60 equal monthly installments; varies according to amount financed and rate For Eagle portion of loan: 60 equal monthly installments; varies according to amount financed
Prepayment Penalty	None
Security Required	Partner or shareholder and personal guarantee and pledge of the Franchise(2)
Liability Upon Default	Late penalty; acceleration of amounts due; fees(3)
Loss of Legal Right On Default	Waiver of trial by jury and right to interpose any defense, set-off, or counterclaim of any nature or description(4)

For the Ally portion of the Loan: the Financing for the chassis and hard components is paid in 60 equal monthly installments of an interest rate based on credit application results.

For the Eagle portion of the Loan: the Financing for the remaining portion of the KEV and inventory pack is paid in 60 equal monthly installments at an interest rate of 9.99%.

Notes:

1. If you elect this option, you will submit an application to Ally, and if approved by Ally, Ally will finance up to $45,000 of your KEV. Once Ally has approved your application, a separate application is not required by Eagle. If approved, Eagle may finance the remaining balance of your KEV.

2. If your business is a partnership, corporation or other recognized legal entity, the Retail Contract and Note must be guaranteed individually by all partners or shareholders. The Retail Contract and Note must be secured by the assets of the Kona Ice Franchise.

3. If you are late on your payments, Ally and Eagle can charge a late penalty. If any payment is ten days late, you will be charged 15% of the installment. In the case of nonpayment or other default under the Retail Contract and Note, Ally and Eagle can require immediate payment of all amounts due them, and can collect reasonable attorney fees and all costs and expenses of collection.

4. The Retail Contract and Note require that you waive trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description.

Auxilior Financing

Auxilior may offer you Financing for the purchase of your KEV and initial inventory pack. You will be required to enter into a loan and security agreement ("Loan and Security Agreement") attached in Exhibit H to this Franchise Disclosure Document. The following table summarizes the Financing Auxilior may offer you:

SUMMARY OF AUXILIOR FINANCING OFFERED(1)

SUMMARY OF AUXILIOR FINANCING OFFERED(1)	
Item Financed	One (1) KEV and initial inventory pack
Amount Financed	Up to full purchase price of KEV less $20,000 down payment, plus purchase price of initial inventory pack
Down Payment	Balance of purchase price after Financing amount has been determined (not less than $20,000)
Term	36 to 66 months (includes up to 6 months of deferments)
APR %	(A Credit) 7.5% or (B Credit) 9.5% to 9.99%; up to 11.99% for first year only under interest only plan (if allowed); rates may vary based on swap rates
Monthly Payment	36 to 66 monthly installments (includes up to 6 months of deferments); under interest-only plan, first year payments are interest only, followed by 54 monthly installments; may vary according to amount financed
Prepayment Penalty	One percent (1%) for each year or partial year remaining on the loan

SUMMARY OF AUXILIOR FINANCING OFFERED[1]	
Security Required	Partner or shareholder and personal guarantee and pledge of the Franchise[2]
Liability Upon Default	Late penalty; acceleration of amounts due; fees[3]
Loss of Legal Right On Default	Waiver of trial by jury and right to interpose any defense, set-off, or counterclaim of any nature or description[4]

As consideration for placing Financing, we receive trade show sales and marketing support, including trade show assistance and promotional materials. We also receive sponsorship fees to support certain conventions, which range from 50 to 100 basis points (0.5% to 1%) of the principal amount for new loans and from 50 to 150 basis points (0.5% to 1.5%) of the principal amount for refinances. Neither we nor any affiliate or agent receives any additional consideration for placing Financing with this lender.

Notes:

1. Auxilior reserves the right to change the terms, interest rate, and amounts financed.

2. If your business is a partnership, corporation, or other recognized legal entity, the Loan and Security Agreement must be guaranteed individually by all partners or shareholders. The Loan and Security Agreement must be secured by the assets of the Kona Ice Franchise.

3. If you are late on your payments, Auxilior can charge a late penalty. In the case of nonpayment or other default under the Loan and Security Agreement, Auxilior can require immediate payment of all amounts due them and can collect reasonable attorney fees and all costs and expenses of collection.

4. The Loan and Security Agreement requires that you waive trial by jury and the right to interpose any defense, set-off, or counterclaim of any nature or description.

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

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

Pre-opening Obligations

Before you open the Kona Ice Franchise, we (or our affiliate or designees) will provide the following assistance and services to you:

1. Because you do not have to locate a site from which to operate your Kona Ice Business, we do not provide you with assistance in doing so. You may open an office, but it is not required and does not need to be approved by us. You must find a location to store the KEV, which may be at your residence if permitted. Before you purchase the Kona Ice Franchise, you and we will jointly agree on the Protected Territory in which you will operate your Kona Ice Business. If we cannot agree on a territory location, we will not award you a Kona Ice Franchise (Franchise Agreement – Sections 3A and 3B).

2. Provide you with mandatory and discretionary specifications for the Kona Ice Business, including standards and suggested criteria for design, image, and branding of KEV and Additional Equipment (Franchise Agreement – Sections 3 and 9).

3. Identify products, supplies, and designated and approved suppliers that you must use to develop and operate the Kona Ice Business; establish minimum standards and specifications that you must satisfy while operating the Kona Ice Business (Franchise Agreement – Sections 3 and 9).

4. Loan you or make available to you on our website one copy of our Brand Manual. The Brand Manual contains approximately 81 pages. The table of contents for the Brand Manual is attached to this Franchise Disclosure Document as Exhibit E (Franchise Agreement – Section 5D).

5. Provide an initial training program (Franchise Agreement – Section 5A).

6. Provide you with the KEV. We reserve the right to establish requirements regarding the design, image, and branding of the KEV, and the right to control and approve all content of the KEV, including the right to use the KEV to advertise our brand, products, and services (Franchise Agreement – Sections 3 and 9).

7. Provide you with advice and guidance regarding your pricing policies in compliance with the applicable laws. We have the right to recommend retail prices and prescribe minimum and/or maximum retail prices for the products and/or services offered and sold at your Kona Ice Business. (Franchise Agreement – Section 9H).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Kona Ice Businesses.

Schedule for Opening

We estimate that it will take 2 to 12 weeks after you sign the Franchise Agreement before you open your Kona Ice Business. The factors affecting this length of time include the time necessary for you to obtain the KEV and equipment, schedule your initial training, and hire and train any necessary employees.

Continuing Obligations

During the operation of your Kona Ice Franchise, we (or our affiliates or designees) will provide the following assistance and services to you:

1. Upon reasonable request, provide advice regarding the Kona Ice Business operations based on your reports and our inspections. We also will guide you on standards, specifications, and operating procedures, and methods that Kona Ice Businesses use; purchasing required and authorized operating assets and other items and arranging for their distribution to you from us or the suppliers; advertising and marketing materials and programs; employee training; and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you through the Brand Manual in bulletins or other written materials, through the use of electronic media, telephone conferences, and/or meetings at our offices or at your Kona Ice Business (Franchise Agreement – Section 5C).

2. Continue to loan you or make available to you on our website one copy of the Brand Manual, which may consist of electronic media, and/or written materials. We may modify the Brand Manual periodically to reflect changes in System standards (Franchise Agreement – Section 5D).

3. We may periodically modify System standards, and those modifications may require you to invest additional capital in the Kona Ice Business and/or incur higher operating expenses (Franchise Agreement – Section 9).

4. License the Marks (Franchise Agreement – Section 7).

5. License to you for your use our Marks, as set forth in greater detail below in Item 13 (Franchise Agreement – Sections 6A and 6B).

6. Maintain and administer one or more websites to advertise, market, and promote Kona Ice Businesses and the services and products offered (Franchise Agreement – Section 10E).

7. Your KEV will come wrapped in vinyl containing the Kona Ice™ design and insignia. You are required to update the wrap every seven years, or sooner, if needed, at your expense. All necessary updates, removal of vinyl, and installation of vinyl must be performed at an authorized upfit facility. The upfit facilities are currently located in Florence, KY, Las Vegas, NV and New Braunfels, TX (Franchise Agreement – Section 3E).

8. Provide additional training to you for newly-hired personnel regarding the Kona Ice brand and System guidelines, refresher training courses, and additional training or assistance that you need or request subject to our discretion. You may be required to pay additional fees for this training or assistance (Franchise Agreement – Section 5).

Optional Assistance

During the term of the Franchise Agreement, we (or our affiliates or designees) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new menu items, new equipment, or new techniques.

2. Maintain and administer the Brand Fund. We may dissolve the Brand Fund upon written notice (Franchise Agreement - Section 10A and 10B).

3. Hold periodic national or regional conferences to discuss business and operational issues affecting Kona Ice franchisees.

4. Our affiliate, Kona Insurance, may offer a comprehensive property and casualty insurance program to you.

Advertising

Brand Fund

We have established a Brand Fund for marketing, developing and promoting the System, the Marks and Kona Ice Franchises. The Brand Fund was previously called the "Advertising Fund." You are required to pay $500 per year to the Brand Fund for each Kona Ice Franchise you own. This amount can be raised annually by up to 10%. The amount of the Brand Fund contribution may also be increased at any time upon super-majority (75%) of the "Brand Advisory Board" (which is defined below) and upon 30 days' notice to you of the increase. We may use the Brand 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 Kona Ice brand. The Brand Fund may be held in a separate bank account, commercial account, or savings account, but we are not required to do so. The Brand Fund is administered by us or one of our affiliates,

and we may use a professional advertising agency or media buyer to assist us with the supervision and administration of the Brand Fund. Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11.

We may reimburse ourselves, our authorized representatives, or our affiliate from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Brand Fund. We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct, or administer the Brand Fund. Any unused funds 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 Brand Fund on any terms we deem reasonable. Because we do not have this fund audited, audited financial statements are not available to Kona Ice franchisees. We will provide to you each year an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year upon written request (Franchise Agreement – Section 10B). We do not guarantee that advertising expenditures from the Brand 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 Brand Fund payments for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing.

During our most recent fiscal year ended December 31, 2020, the Brand Fund was spent as follows: 56.9% on content creation, 11.7% with Google AdWords, 16.2% for social media advertising, 4.8% on public relations, 4.7% on print and email marketing, 2.6% on consulting and 3.1% on website development.

Local Advertising

You are not required to advertise on a local basis as an individual Kona Ice Business, and you are not required to spend a minimum of your gross revenues on local marketing and promotion in your Protected Territory. You are not required to participate in a local or regional advertising cooperative. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other Kona Ice franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Kona Ice Businesses, and you will not issue coupons or discounts of any type except as approved by us. We may conduct market research and testing to determine consumer trends and the marketability of new food products and services.

You will not participate in any crowdfunding campaigns or similar money-raising programs for your Kona Ice Business. You agree to cooperate by participating in our market research programs, test marketing new food products and services in the Kona Ice Business and providing us with timely reports and other relevant information regarding such market research. You must conduct and participate in promotional campaigns ("Promotions") which may from time to time be required in the Brand Manual, and you must conduct and participate in those Promotions in accordance with the policies and provisions set forth in the Brand Manual. This may include requiring you to offer free products to customers on certain days or providing coupons (not to exceed $500 per year unless authorized by the Brand Advisory Board). If we require you to conduct and participate in any Promotion, we reserve the right (but we are not required)

to use a portion of the Brand Fund to defray a portion of any costs attributable to the Promotions (Franchise Agreement – Section 10D).

It is a material breach of the Franchise Agreement to use other marketing material, logos, and our Marks without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must be consistent with our approved standards (Franchise Agreement – Section 10B and 10D).

Internet

We have established a website for Kona Ice Businesses ("System Website"). We reserve the right to develop a local website or local pages on the System Website. If you wish to advertise online, you must follow our online policy, which is contained in our Brand Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page. As long as we maintain a System Website, we will have the right to use the Brand Fund assets to develop, maintain, and update the System Website.

We are only required to reference your Kona Ice Business on the System Website while you are in full compliance with your Franchise Agreement and all System standards. If you are in default of any obligation under the Franchise Agreement or System standards, then we may temporarily remove references to your Kona Ice Business from the System Website until you fully cure the subject default(s) (Franchise Agreement – Section 10E).

Brand Advisory Board

We have created a brand advisory board ("Brand Advisory Board") (formerly known as the "Advertising Advisory Board") to help determine the type of advertising (television, radio, billboard, Internet, or other medium) we will use. The Brand Advisory Board has written governing documents approved by us. Members of the Brand Advisory Board would consist of franchisees and at least one franchisor representative. We will choose the number and members of the Brand Advisory Board in our sole discretion. In order to be chosen for the Brand Advisory Board, the franchisee must be in good standing, operate multiple Franchises, and be actively involved in the betterment of the Kona Ice system. A copy of these governing documents will be available to you upon written request. We have the power to change Brand Advisory Board, the selection process, and the members at any time. We also have the power to dissolve the Brand Advisory Board.

Computer System

You must have regular access to a computer that is capable of connecting to the Internet for the operation of your Kona Ice Business. You may use a computer that you own. If you were to purchase a computer, we estimate the cost to be approximately $200 to $1,000. You may need to buy and/or license third-party software such as QuickBooks and Microsoft Office to use in the operation of your Kona Ice Business. Our Technology Fee includes access to our proprietary MyKonaBiz operating software. We reserve the right to specify required computer hardware or software and to specify other computer-related

standards in the future. We may require you to purchase point-of-sales hardware and/or software ("POS System") in the future. Kona Ice will not have independent access to the information generated by or stored in your computer, but you are required to provide sales and other reports that we require in the Brand Manual. You must periodically check your email and the portion of our website devoted to franchise owners. We reserve the right to market and sell over the Internet. You must use any payment vendors and methods that we determine.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for your computer system (Franchise Agreement – Section 3C). You must arrange for the installation, maintenance, and support of the computer system at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the computer system. You may be required to upgrade your hardware and/or software in order to utilize the computerized system as technological advances require, which may include a POS System. You will be responsible for the cost of such upgrades. Because we do not require you to purchase a computer, there will not be costs for maintaining, updating, or upgrading it.

Training

Initial Training

Your "Managing Owner" (defined in Item 15) and any designated manager or representative that we require must complete the training program to our reasonable satisfaction before you open your Kona Ice Franchise. You will be enrolled in the initial training program which we call "Kona Kollege." Franchisees that purchase existing Kona Ice Franchises as a result of a transfer are also required to attend Kona Kollege. We provide initial training at no cost. Initial training classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food, and similar expenses. We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change as our training program continues to evolve.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
KEV & Equipment Operation	0	4	Our corporate office in Florence, Kentucky
KEV & Equipment Maintenance	0	4	Our corporate office in Florence, Kentucky
Field Sales and Customer Service	0	8-12	Our corporate office in Florence, Kentucky
TOTAL HOURS	0	16-20	

Notes:

1. The training may be less than the times indicated above depending on the number and experience of the attendees. Training includes actual operation of a KEV under our supervision. The

instructional materials for the training program consist of the KEV and its equipment, manufacturer brochures and operational manuals, and the Brand Manual.

2. Tony Lamb, our CEO, President, Secretary and Board Member, currently oversees our training program to which he brings more than 25 years of management experience.

3. Other instructors will include other franchisees who have had at least two years of experience in the operation and management of a Kona Ice Business or have successfully completed Kona Kollege.

Ongoing Training

From time to time, we may require that you, designated managers, and other employees attend system wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Kona Ice Business. If we conduct an inspection of your Kona Ice Business and determine you are not operating in compliance with the Franchise Agreement or our System standards, you may be required to temporarily close your Kona Inca Business, and we may require that you attend remedial training that addresses your operational deficiencies and pass our inspection before reopening. You may also request that we provide additional training (either at corporate headquarters or at your Kona Ice Business).

Kona Fundraising Services Training

Franchisees must satisfactorily complete the online training course before they are able to offer Kona Fundraising Services. The online training is approximately one hour and is available on demand.

ITEM 12
TERRITORY

The Franchise Agreement for your Kona Ice Business grants you an exclusive territory based on the geographic area and population properties within that area and other relevant demographic characteristics. We will generally grant only one license to a franchisee for any area with a population up to 100,000. We will use the population as listed on zip-codes.com, which is derived from known delivery information, household occupancy rates, etc., as well as any other sources that we believe are reliable for determining the current population in and around your Protected Territory. In certain densely populated metropolitan areas, a territory may be considerably smaller, while franchisees operating in less densely populated urban areas may have significantly larger areas. If the population of your Protected Territory increase by more than 25%, we may reduce the size of your Protected Territory to 100,000 people unless you purchase an additional KEV.

You will operate a single Kona Ice Business and a single KEV within the Protected Territory identified in the Franchise Agreement. You are not restricted from the amount of Additional Equipment that you may operate in your Protected Territory. Your Protected Territory will be identified in an exhibit to your Franchise Agreement. The boundaries of your territory will coincide with the boundaries of one or more adjacent zip codes. You will be permitted to engage in direct advertising and solicitation of clients only within the boundaries of your Protected Territory unless we approve otherwise. Other than as described below, while the Franchise Agreement is in effect and you are not in default, we and our affiliate will not, in your Protected Territory, operate a company-owned unit or grant a franchise for a similar or competitive business. You will only have the right to operate the Kona Ice Business in your Protected Territory, which may include the Kona Fundraising Services, under the terms and conditions of the

Franchise Agreement, and we reserve all other rights to ourselves and our affiliate. You may not operate, solicit, or accept orders outside your Protected Territory unless we allow otherwise in our sole discretion.

We reserve all rights not expressly granted in the Franchise Agreement. Affiliate Franchisor's franchisees may operate franchises in your Protected Territory. We or our affiliate may own, operate, or authorize others to own or operate Kona Ice Businesses or any other form of Kona Ice's business outside your Protected Territory, including co-branding activities, and may operate other kinds of businesses under other marks within your Protected Territory. We and our affiliate may conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks. We reserve the right to use and license the use of technology to non-franchisee locations inside and outside your Protected Territory. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

Although we have not done so, we and our affiliate may sell products under the Marks within and outside your Protected Territory through any method of distribution other than through a dedicated Kona Ice Business, including sales through such channels of distribution as the Internet, mail order sales, telemarketing, or other direct marketing sales, wholesalers, unrelated retail outlets or other distribution outlets (together, "Alternative Distribution Channels"). You may not use Alternative Distribution Channels to make sales outside or inside your Protected Territory and you will receive no compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through the Internet, or sell through any other Alternative Distribution Channel, and we receive orders for any products or services calling for delivery or performance in your Protected Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, our affiliate, or a third party we designate (including another Kona Ice Business) may fulfill the order, and you will be entitled to no compensation in connection with the sale.

Your Kona Ice Business and Protected Territory do not depend upon obtaining any certain sales quotas, sales goals, or market penetration. You must not relocate the Kona Ice Business without obtaining our written consent of the relocation. If you wish to purchase an additional Kona Ice Business, you must apply to us, and we may offer an additional Franchise to you.

If you wish to revise, amend, or relocate your Protected Territory, you must apply to us to do so, and we may, but are not required, to grant your request. We may condition our approval of such request on any terms or conditions which we deem reasonable, including, but not limited to, requiring you to pay an Initial Territory Adjustment Fee or a Territory Relocation Fee of $2,500 as discussed in Item 6.

We do not grant a right of first refusal to franchisees to purchase new or existing locations, but we do allow you to reserve adjacent territories by signing the Additional Franchise Reservation Agreement and paying Reservation Fee.

ITEM 13
TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the proprietary Marks. We are the owner of the registrations of the following trademarks with the United States Patent and Trademark Office ("USPTO"):

Mark	Filing or Registration Date	Serial or Registration No.	Status
KONA ICE	January 20, 2009	3,563,488	Registered on the Principal Register
PENGUIN DESIGN	May 26, 2009	3,625,423	Registered on the Principal Register
KONA ICE	October 1, 2013	4,410,379	Registered on the Principal Register
	October 27, 2015	4,839,900	Registered on the Principal Register
	September 8, 2015	4,807,108	Registered on the Principal Register

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits have been filed.

No agreement significantly limits our right to use or license the Marks in any manner material to the Kona Ice Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your KEV that you are an independently owned and operated licensed franchisee of

Kona Ice, Inc. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Kona Ice Business or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we may take any action we deem appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue, or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have patent protection of our FlavorWave Self-Service Station. This station allows the customer to choose and apply his or her own flavorings to the shaved ice product.

Our patent protection is summarized below:

Patent Title	Patent Number	Issue Date	Type
Mobile Confectionary Apparatus with Protectable Dispensing System	8,157,136	April 7, 2012	Mechanical
Mobile Confectionary Apparatus with Protectable Dispensing System	8,915,407	December 13, 2014	Mechanical
Liquid Toppings Dispensing System	9,321,387	April 26, 2016	Mechanical
Liquid Toppings Dispensing System	9,751,447	September 5, 2017	Mechanical

Kona Ice has filed patent infringement lawsuits against Tikiz Franchising, LLC and Tikiz Enterprises, LLC ("Tikiz") for their violation of Kona Ice's United States Patent No. 9,751,447 ("the '447 patent"). Tikiz has not asserted any patent infringement claims against KII or KII's franchisees. Tikiz has denied infringement and alleged that the '447 patent is invalid and/or unenforceable. KII's franchisees'

ability to utilize their vehicles and the equipment covered by the 447 patent will not be affected regardless of the lawsuit. This patent dispute will not materially affect Kona Ice's franchisees' ability or right to operate their businesses. Our right to use or license the patents is not materially limited by any agreement or known infringing use. There are no agreements or claims of infringement which limit the use of our patents or pending patents.

There are no determinations in effect that significantly limit our rights to use or license others to use the patents in any manner material to the franchise by the USPTO, the Patent Trial And Appeal Board, or the patent administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or litigation involving the patent.

We will defend you against any claim brought against you by a third party that your use of our patent in accordance with the Franchise Agreement that infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our patent. We have no obligation to pursue any infringing users of our patent. If we learn of an infringing user, we may take any action we deem appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three days if you learn that any unauthorized party is using the patent. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving the patents.

We are not required to participate in your defense nor are we required to indemnify you for expenses or damages in a proceeding involving a patent, patent application, or copyright licensed to you. You must also agree not to contest our interest in these or our other trade secrets. If we decide to add, modify, or discontinue the use of an item or process covered by a patent or copyright, you must also do so.

We claim copyrights in the Brand Manual, which contains trade secrets, advertising and marketing materials, the System Website, and similar items used in operating a Kona Ice Business. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Kona Ice Business (and must stop using them if we so direct you).

There are no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we intend to do so if in the Kona Ice Franchise System's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Brand Manual, passwords, and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; training and operations materials; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Kona Ice Businesses; marketing and advertising programs for Kona Ice Businesses; any computer software or similar technology that is proprietary to us or the Kona Ice Franchise System; knowledge of, specifications for, and suppliers of operating assets and other products and supplies; and knowledge of the operating results and financial performance of Kona Ice Businesses other than your Kona Ice Business.

All ideas, concepts, techniques, or materials concerning a Kona Ice Business, whether or not they are protected intellectual property and whether created by or for you or your owners or employees, must be

promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Kona Ice Franchise System, and works-made-for-hire for our use. If any item does not qualify as a "work-made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action, including executing an assignment agreement or other documents, that we request to show our ownership or to help us obtain intellectual property rights in the subject item(s).

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access to such information. We may regulate the form of confidentiality agreement that you use and must be included as a third-party beneficiary with independent enforcement rights in that agreement.

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

You are required to own your Kona Ice Franchise in a legal entity. The sole purpose of your legal entity will be the development and operation of a Kona franchise. The Kona Ice Franchise shall be managed by one of your owners who is a natural person with at least a 25% ownership interest and voting power in the entity ("Managing Owner"). During the term of the Franchise Agreement, the Managing Owner shall directly supervise and participate in the day-to-day operation of the Kona Ice Business.

Because our franchisees who have actually been owner/operators in the past have generally proven to have greater success than passive owners, we require you to be an active owner and operator of your Kona Ice Business for at least the first 60 days that you operate as a Kona Ice franchisee.

Under certain circumstances, after the first 60 days of operation, we may allow you to appoint a designated manager ("Designated Manager"), who has been approved by us, to run the day-to-day operations of the Kona Ice Business. The Designated Manager must successfully complete our Kona Kollege training program (See Item 11). The Designated Manager need not have an ownership interest in the Kona Ice Business. If you replace a Designated Manager for any reason, the new Designated Manager must satisfactorily complete our Kona Kollege training program at your own expense.

Any Designated Manager and any officer that does not own equity in the Franchisee entity, must sign the "System Protection Agreement," the form of which is attached to this Franchise Disclosure Document in Exhibit H. All of your employees, independent contractors, agents, or representatives that may have access to our confidential information must sign a "Confidentiality Agreement" (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit H. Each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) of the Franchisee entity must sign an "Owners Agreement," the form of which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Kona Ice Franchise owners sign the Owners Agreement. The Owners Agreement extends the obligations of the Franchise Agreement to each owner and their spouse with each owner and spouse bound to and liable for the terms of the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only products and services that have been approved and specified by us in the Brand Manual and any updates that are incorporated in the Brand Manual from time to time. You may not offer for sale any products or services not specifically approved by us in writing. You

may only offer the Kona Fundraising Services if you signed the Kona Fundraising Services Amendment to the Franchise Agreement and completed the training. There are no limitations on our rights to make changes to the required products and services offered by you.

You may not use the KEV or our marks for purposes other than selling flavored shaved ice, ice cream and related products without our express permission. You may not establish an account or participate in any social networking sites, crowdfunding campaigns, or blogs or mention or discuss the Kona Ice Franchise, us, or our affiliate, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
(a) Length of the Franchise term	Section 1D	Ten years.
(b) Renewal or extension of the term	Section 14A	If you are in good standing and you meet other requirements, you may apply for two successive terms of ten years.
(c) Requirements for Franchisee to renew or extend	Sections 14A & 14B	The term "renewal" refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. Written notice must be provided and you must be fully compliant with the Franchise Agreement. You must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and advertising contributions) from the Franchise Agreement that covered your original term. You will be required to pay the highest tier of royalty payment under the new franchise agreement (meaning that you will not be able to take advantage of any step-up royalty schedules that may be offered to new franchisees).
(d) Termination by Franchisee	Section 15A	You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach, and we fail to cure that breach within 30 days of receiving written notice, subject to applicable state law.
(e) Termination by franchisor without cause	Not Applicable	Not Applicable.

Provision	Section in Franchise Agreement	Summary
(f) Termination by franchisor with cause	Section 15B	We can terminate upon, among other things, certain violations of the Franchise Agreement by you.
(g) "Cause" defined - curable defaults	Section 15B	You have three days to cure health, safety, or sanitation law violations or failure to operate safely. You have ten days to cure monetary defaults. You have 30 days to cure the operational defaults listed in Section 15B.
(h) "Cause" defined - non-curable defaults	Section 15B	Non-curable defaults: the defaults listed in Section 15 of the Franchise Agreement.
(i) Franchisee's obligations on termination/non-renewal	Section 16	Obligations include ceasing operating the franchised business; ceasing use of all confidential information, trade secrets and trademarks; delivering property containing the trademarks; cancelling assumed similar name registrations; payment of outstanding amounts and damages; return of Brand Manual; assignment of phone numbers to us; and compliance with all other covenants.
(j) Assignment of contract by franchisor	Section 13A	No restriction on our right to assign.
(k) "Transfer" by Franchisee - definition	Section 13B	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in you (if you are an entity), the KEV, Franchise Agreement, the Kona Ice Franchise or any interest in the Kona Ice Franchise.
(l) Franchisor's approval of transfer by Franchisee	Sections 13B & 13C	We have the right to approve all transfers, including the transfer of Additional Equipment.
(m) Conditions for franchisor's approval of transfer	Section 13C	Our requirements for approving the transfer of this Franchise Agreement include, but are not limited to: full compliance with the Franchise Agreement; all amounts paid in full; completion of training; transfer fee paid; agreement of transferee to all terms of Franchise Agreement; the execution of other possible documents including a general release; the transferee meets certain suitability requirements and passes our training program; the transferee and its owners or affiliates and family members are not involved in a competitive business; the transferee agrees to remodel the KEV and any Additional Equipment; and we will be reimbursed for the fees of our broker or other placement agent. You must also fully de-identify your KEV if you wish to transfer it to any party besides us or another franchisee.
(n) Franchisor's right of first refusal to acquire Franchisee's business	Section 13G	We have 30 days to match any offer for your Kona Ice Business or your KEV.

Provision	Section in Franchise Agreement	Summary
(o) Franchisor's right to purchase Franchisee's business	Section 16E	We may, but are not required to, purchase your Kona Ice Franchise, inventory, KEV, or equipment at fair market value if your Kona Ice Franchise is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
(p) Death or disability of Franchisee	Section 13E	Franchisee must be a legal entity. Upon the Managing Owner's death or disability, the Managing Owner's interest must be assigned to a qualified party within 90 days of death or disability of the Managing Owner or the Franchise Agreement may be terminated.
(q) Non-competition covenants during the term of the Franchise	Section 8	Neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere. You may not interfere with us, our affiliates, or any other Kona Ice Franchise. These provisions are subject to applicable state law.
(r) Non-competition covenants after the Franchise is terminated or expires	Section 16D	Owners cannot have an interest in, own, manage, operate, finance, control, or participate in any competitive business within a 20-mile radius from any Kona Ice Business, whether owned by us or a franchisee, that is operating or under development, for two years. Owners may not solicit any customer of Kona Ice or any Kona Ice Franchise for two years. These provisions are subject to applicable state law.
(s) Modification of the agreement	Section 18L	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Brand Manual is subject to change at any time in our discretion. Modifications of the Franchise Agreement are permitted on renewal.
(t) Integration/merger clause	Section 18N	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state, FTC, or federal law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Sections 18F & 18G	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Florence, Kentucky), subject to applicable state law.
(v) Choice of forum	Section 18I	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Florence, Kentucky), subject to applicable state law.

Provision	Section in Franchise Agreement	Summary
(w) Choice of law	Section 18H	Kentucky law, except for The Kentucky Business Opportunity Investment Act applies, subject to applicable state law.

ITEM 18
PUBLIC FIGURES

We do not use any public figures 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 which is 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 any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Tony Lamb, 5945 Centennial Circle, Florence, KY 41042 and 1-800-566-2423, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2018 - 2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	931	1061	+130
	2019	1061	1181	+120
	2020	1181	1304	+123
Company-Owned	2018	16	22	+6
	2019	22	14	-8
	2020	14	29	+15

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2018	947	1083	+136
	2019	1083	1195	+112
	2020	1195	1324	+129

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2018 - 2020

State	Year	Number of Transfers
Alabama	2018	1
	2019	0
	2020	0
Arizona	2018	3
	2019	0
	2020	0
Arkansas	2018	2
	2019	2
	2020	2
California	2018	8
	2019	8
	2020	8
Colorado	2018	1
	2019	2
	2020	3
Florida	2018	8
	2019	7
	2020	14
Georgia	2018	0
	2019	2
	2020	6
Idaho	2018	1
	2019	0
	2020	0
Illinois	2018	1
	2019	0
	2020	0

State	Year	Number of Transfers
Indiana	2018	0
	2019	0
	2020	1
Kentucky	2018	1
	2019	0
	2020	0
Louisiana	2018	1
	2019	0
	2020	5
Maryland	2018	1
	2019	1
	2020	0
Michigan	2018	1
	2019	3
	2020	0
Minnesota	2018	0
	2019	1
	2020	3
Mississippi	2018	3
	2019	0
	2020	0
Missouri	2018	1
	2019	1
	2020	1
New Jersey	2018	2
	2019	1
	2020	4
New Mexico	2018	1
	2019	0
	2020	0
New York	2018	1
	2019	1
	2020	1
Nevada	2018	0
	2019	1
	2020	0

State	Year	Number of Transfers
North Carolina	2018	4
	2019	1
	2020	2
Ohio	2018	0
	2019	2
	2020	3
Oklahoma	2018	3
	2019	1
	2020	0
Pennsylvania	2018	1
	2019	1
	2020	0
South Carolina	2018	2
	2019	1
	2020	1
Tennessee	2018	2
	2019	1
	2020	3
Texas	2018	8
	2019	2
	2020	12
Virginia	2018	1
	2019	1
	2020	5
West Virginia	2018	0
	2019	1
	2020	0
Washington	2018	0
	2019	1
	2020	0
Wisconsin	2018	1
	2019	0
	2020	1
Wyoming	2018	2
	2019	0
	2020	0

State	Year	Number of Transfers
Totals	2018	61
	2019	42
	2020	75

Table No. 3

Status of Franchised Outlets
For Years 2018 - 2020

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Alabama	2018	20	3	0	0	0	0	23
	2019	23	2	0	0	0	0	25
	2020	25	3	0	0	0	0	28
Alaska	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Arizona	2018	31	2	0	0	4	0	29
	2019	29	0	0	0	0	0	29
	2020	29	4	0	0	0	7	26
Arkansas	2018	15	1	0	0	1	0	15
	2019	15	2	0	0	0	0	17
	2020	17	0	0	0	0	1	16
California	2018	107	20	0	0	1	0	126
	2019	126	12	0	0	0	0	138
	2020	138	15	0	0	3	6	144
Colorado	2018	24	5	0	0	0	0	29
	2019	29	6	0	0	0	0	35
	2020	35	1	0	0	0	0	36
Connecticut	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Delaware	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
Florida	2018	93	18	0	0	3	0	108
	2019	108	10	0	0	2	0	116
	2020	116	12	0	0	4	2	122

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Georgia	2018	52	11	0	0	0	0	63
	2019	63	9	0	0	0	0	72
	2020	72	13	0	0	2	0	83
Hawaii	2018	8	0	0	0	2	0	6
	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	2	4
Idaho	2018	5	0	0	0	0	0	5
	2019	5	1	0	0	0	0	6
	2020	6	0	0	0	0	0	6
Illinois	2018	12	1	0	0	0	0	13
	2019	13	5	0	0	0	0	18
	2020	18	1	0	0	0	0	19
Indiana	2018	24	1	0	0	0	0	25
	2019	25	4	0	0	0	0	29
	2020	29	6	0	0	0	0	35
Iowa	2018	5	2	0	0	0	0	7
	2019	7	1	0	0	0	0	8
	2020	8	1	0	0	0	0	9
Kansas	2018	7	3	0	0	0	0	10
	2019	10	3	0	0	0	0	13
	2020	13	3	0	0	0	0	16
Kentucky	2018	14	1	0	0	0	0	15
	2019	15	3	0	0	0	0	18
	2020	18	7	0	0	0	0	25
Louisiana	2018	20	1	0	0	0	0	21
	2019	21	1	0	0	0	0	22
	2020	22	7	0	0	0	0	29
Maryland	2018	30	0	0	0	0	0	30
	2019	30	3	0	0	1	0	32
	2020	32	7	0	0	0	0	39
Massachusetts	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	7	0	0	0	0	10
Michigan	2018	11	4	0	0	0	0	15
	2019	15	5	0	0	2	0	18
	2020	18	0	0	0	0	2	16

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Minnesota	2018	6	0	0	0	0	0	6
	2019	6	1	0	0	1	0	6
	2020	6	1	0	0	1	0	6
Mississippi	2018	13	0	0	0	0	0	13
	2019	13	1	0	0	0	0	14
	2020	14	3	0	0	0	0	17
Missouri	2018	21	3	0	0	0	0	24
	2019	24	2	0	0	0	0	26
	2020	26	4	0	0	0	0	30
Nebraska	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	7	0	0	0	0	11
Nevada	2018	7	2	0	0	0	0	9
	2019	9	3	0	0	0	0	12
	2020	12	2	0	0	0	0	14
New Hampshire	2018	8	0	0	0	0	0	8
	2019	8	1	0	0	0	0	9
	2020	9	0	0	0	0	1	8
New Jersey	2018	16	5	0	0	0	0	21
	2019	21	3	0	0	0	0	24
	2020	24	1	0	0	3	2	20
New Mexico	2018	7	0	0	0	0	0	7
	2019	7	1	0	0	0	0	8
	2020	8	1	0	0	0	0	9
New York	2018	12	0	0	0	0	0	12
	2019	12	2	0	0	0	0	14
	2020	14	0	0	0	0	3	11
North Carolina	2018	36	8	0	0	0	0	44
	2019	44	6	0	0	0	0	50
	2020	50	7	0	0	0	2	55
Ohio	2018	31	6	0	0	0	0	37
	2019	37	4	0	0	0	0	41
	2020	41	9	0	0	2	1	47
Oklahoma	2018	15	0	0	0	0	0	15
	2019	15	1	0	0	1	0	15
	2020	15	4	0	0	0	1	18

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Oregon	2018	5	2	0	0	0	0	7
	2019	7	3	0	0	0	0	10
	2020	10	3	0	0	0	0	13
Pennsylvania	2018	23	4	0	0	0	0	27
	2019	27	4	0	0	0	0	31
	2020	31	4	0	0	0	0	35
Rhode Island	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	1	2
South Carolina	2018	19	7	0	0	0	0	26
	2019	26	4	0	0	0	0	30
	2020	30	5	0	0	0	0	35
South Dakota	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Tennessee	2018	22	2	0	0	0	0	24
	2019	24	2	0	0	0	0	26
	2020	26	3	0	0	0	0	29
Texas	2018	153	22	0	0	0	0	175
	2019	175	11	0	0	0	0	186
	2020	186	18	0	0	4	0	200
Utah	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
	2020	3	2	0	0	0	0	5
Virginia	2018	23	5	0	0	0	0	28
	2019	28	4	0	0	0	0	32
	2020	32	8	0	0	0	0	40
Washington	2018	4	2	0	0	0	0	6
	2019	6	6	0	0	0	0	12
	2020	12	5	0	0	0	0	17
West Virginia	2018	3	1	0	0	1	0	3
	2019	3	0	0	0	1	0	2
	2020	2	0	0	0	0	0	2
Wisconsin	2018	9	1	0	0	2	0	8
	2019	8	1	0	0	0	0	9
	2020	9	0	0	0	0	1	8

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Wyoming	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	2	2
Totals	2018	931	144	0	0	14	0	1061
	2019	1061	128	0	0	8	0	1181
	2020	1181	176	0	0	19	34	1304

Table 4

Status of Company-Owned Outlets
For Years 2018 - 2020

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Kentucky	2018	16	0	14	0	8	22
	2019	22	0	8	0	16	14
	2020	14	0	19	0	13	20
Total Outlets	2018	16	0	14	0	8	22
	2019	22	0	8	0	16	14
	2020	14	0	19	0	13	20

Table No. 5

Projected Openings as of
December 31, 2020 for 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	6	0
Arizona	1	3	0
Arkansas	0	8	0
California	4	21	0
Colorado	1	5	0
Delaware	0	2	0
Florida	2	23	0
Georgia	1	15	0
Illinois	0	6	0
Maryland	0	3	0
Massachusetts	0	2	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Michigan	1	7	0
Minnesota	0	3	0
Mississippi	0	4	0
Missouri	1	0	0
Nebraska	1	5	0
New Jersey	0	2	0
Nevada	0	5	0
North Carolina	0	4	0
North Dakota	0	2	0
Ohio	1	3	0
Pennsylvania	1	2	0
South Carolina	0	4	0
Tennessee	1	0	0
Texas	0	4	0
Utah	0	5	0
Virginia	0	4	0
Washington	1	2	0
Totals	16	150	0

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit F. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Kona Ice Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one year period ending December 31, 2020, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit F. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Kona Ice System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Kona Ice System. If you buy a Kona Ice Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations that have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21
FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2020, 2019 and 2018. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Exhibit C	Franchise Agreement
Exhibit D	Franchise Disclosure Questionnaire
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Kona Ice Franchise

ITEM 23
RECEIPTS

The last page of this Franchise Disclosure Document, Exhibit J, is a detachable document in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

State Administrator and Agent for Service of Process:

Commissioner
Department of Financial Protection and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agent for Service of Process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Agent for Service of Process:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8285

Agent for Service of Process:

Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Business Regulation
1511 Pontiac Avenue, Bldg. 68-2
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

State Administrator:

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
(360) 902-8760

Agent for Service for Process:

Director of Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Madison, WI 53703
(608) 266-3364

Rev. 102720

EXHIBIT B

FINANCIAL STATEMENTS

Kona Ice, Inc.

Financial Statements
Years Ended December 31, 2020 and 2019
With Independent Auditors' Report

KONA ICE, INC.

Financial Statements
Years Ended December 31, 2020 and 2019

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Accounting • Tax • Business Insight

KENTUCKY
CRESTVIEW HILLS OFFICE
2617 Legends Way
Crestview Hills, KY 41017
Main: 859.344.6400
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Independent Auditors' Report

To the Stockholder of
Kona Ice, Inc. (A Wholly-Owned Subsidiary of Kona Ice Holdings, LLC)
Florence, Kentucky

We have audited the accompanying financial statements of Kona Ice, Inc., (a corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, 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 auditors' 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 Kona Ice, Inc. as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As explained in Note 16 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Barnes, Dennig & Co., Ltd.

April 15, 2021
Crestview Hills, Kentucky

KONA ICE, INC.

Balance Sheets
December 31, 2020 and 2019

	2020	Restated 2019
Assets		
Current:		
Cash	$ 26,404,295	$ 5,282,693
Inventory	6,306,418	5,158,697
Accounts receivable - net	1,681,029	1,049,172
Prepaid expenses	43,602	194,803
Total current assets	34,435,344	11,685,365
Fixed assets:		
Property and equipment	2,399,099	2,442,264
Less: Accumulated depreciation	(1,133,096)	(978,650)
Total fixed assets	1,266,003	1,463,614
Other:		
Security deposits	750	750
Other assets	-	22,317
Net deferred tax asset	2,515,577	2,474,199
Accounts receivable - related parties	8,906,241	3,108,329
Total other assets	11,422,568	5,605,595
Total assets	$ 47,123,915	$ 18,754,574

(Continued)

KONA ICE, INC.

Balance Sheets (Continued)
December 31, 2020 and 2019

	2020	Restated 2019
Liabilities		
Current:		
Notes payable - current portion	$ 23,481	$ 8,792
Accounts payable	1,550,559	2,953,553
Accrued expenses	746,017	607,903
Deferred royalty revenue	403,641	352,170
Deferred franchise fee revenue	1,675,000	1,645,500
Deferred Konvention fee revenue	66,994	182,291
Customer deposits	1,525,764	1,458,871
Total current liabilities	5,991,456	7,209,080
Long-term:		
Deferred royalty revenue - net of current portion	1,035,522	1,092,501
Deferred franchise fee revenue - net of current portion	7,085,000	7,609,000
Notes payable - net of current portion and loan fees	27,504,938	52,397
Total long-term liabilities	35,625,460	8,753,898
Total liabilities	41,616,916	15,962,978
Equity		
Common stock - 1,000 shares authorized, issued and outstanding - $0 par value at December 31, 2020 and 2019	-	-
Additional paid in capital	4,370,075	4,320,075
Retained earnings (deficit)	1,136,924	(1,528,479)
Total equity	5,506,999	2,791,596
Total liabilities and equity	$ 47,123,915	$ 18,754,574

The accompanying notes are an integral part of these financial statements

KONA ICE, INC.

Statements of Income
Years Ended December 31, 2020 and 2019

	2020	Restated 2019
Revenues	$ 24,408,838	$ 29,112,971
Cost of goods sold	11,594,509	16,327,732
Gross profit	12,814,329	12,785,239
Operating expenses:		
Selling, general and administrative expenses	10,019,654	8,109,103
Operating income	2,794,675	4,676,136
Other income (expense):		
Other income - net	240,752	251,002
Paycheck Protection Program forgiveness	676,700	-
Interest income	387	349,523
Gain (loss) on sale of property and equipment	(4,504)	150,714
Interest expense	(200,357)	(81,704)
Bad debt recovery (expense)	(115,829)	9,585
Total other income (expense)	597,149	679,120
Income before income taxes	3,391,824	5,355,256
Income tax (expense) benefit:		
Current	(767,799)	(304,052)
Deferred	41,378	81,998
Total income tax (expense) benefit	(726,421)	(222,054)
Net income	$ 2,665,403	$ 5,133,202

The accompanying notes are an integral part of these financial statements

KONA ICE, INC.

Statements of Equity
Years Ended December 31, 2020 and 2019

	Common Stock	Additional Paid in Capital	Retained Earnings (Deficit)
Balance at December 31, 2018	$ 200	$ -	$ 7,440,272
Adoption of ASC 606	-	-	(8,737,500)
Conversion to C Corporation	-	-	2,392,201
Net income	-	-	5,133,202
Return of capital	(200)	-	-
Contributions	-	4,320,075	-
Distributions	-	-	(7,756,654)
Balance at December 31, 2019 - restated	-	4,320,075	(1,528,479)
Net income	-	-	2,665,403
Contributions	-	50,000	-
Balance at December 31, 2020	$ -	$ 4,370,075	$ 1,136,924

The accompanying notes are an integral part of these financial statements

KONA ICE, INC.

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	Restated 2019
Cash flows from operating activities:		
Net income	$ 2,665,403	$ 5,133,202
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	210,548	239,172
(Gain) loss on sale of property and equipment	4,504	(150,714)
Paycheck Protection Program forgiveness	(676,700)	-
Changes in:		
Inventory	(1,147,721)	(3,008,260)
Accounts receivable - net	(631,857)	(718,082)
Prepaid expenses	151,201	(83,898)
Other assets	22,317	(22,155)
Net deferred tax asset	(41,378)	(81,998)
Accounts payable	(1,402,994)	1,768,568
Accrued expenses	138,114	(211,236)
Deferred revenue	(615,305)	88,773
Customer deposits	66,893	(114,940)
Net cash provided by (used in) operating activities	(1,256,975)	2,838,432
Cash flows from investing activities:		
Payments from notes receivable - related party	-	7,000,000
Advances on accounts receivable - related parties	(5,797,912)	(661,844)
Capital expenditures for property and equipment	(108,530)	(423,975)
Proceeds from sale of property and equipment	158,976	956,560
Net cash provided by (used in) investing activities	(5,747,466)	6,870,741
Cash flows from financing activities:		
Payments on line of credit	-	(3,000,000)
Proceeds from long-term debt	28,676,700	-
Principal payments on long-term debt	(8,795)	(143,873)
Payment of loan fees	(591,862)	-
Contributions	50,000	4,320,075
Return of capital	-	(200)
Distributions	-	(7,756,654)
Net cash provided by (used in) financing activities	28,126,043	(6,580,652)

(Continued)

KONA ICE, INC.

Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	2020	Restated 2019
Net change in cash	21,121,602	3,128,521
Cash beginning of year	5,282,693	2,154,172
Cash end of year	$ 26,404,295	$ 5,282,693
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 200,357	$ 81,704
Cash paid during the year for taxes	$ 613,000	$ 235,000

Supplemental disclosure of non-cash transactions:

During 2020 and 2019, the Company purchased vehicles with proceeds from long-term debt in the amount of $67,887 and $57,111, respectively.

Effective July 3, 2019, the Company elected, under Section 1361(a)(2) of the Internal Revenue Code, to be taxed as a corporation. Upon election, net deferred tax assets were recorded in the amount of $2,392,201 as well as an increase to retained earnings for same amount.

As of January 1, 2019, the Company adopted ASC 606 resulting in an increase in deferred revenue and a decrease in retained earnings of $8,737,500.

The accompanying notes are an integral part of these financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Kona Ice, Inc. (the "Company") is a corporation providing franchise services and operating trucks, mini karts, trailers, and kiosks in the shaved ice industry throughout the United States of America. They contract directly with individuals for the purchase of a shaved ice truck and a territory in which to operate. The Company provides marketing services and advertising for the franchisees.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, "Leases," which provides guidance on the recognition of leases. The standard requires lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. The new guidance will continue to classify leases as either finance or operating, with classification affecting the pattern of expense recognition in the statements of income. This guidance will be effective for the Company for the fiscal year ending December 31, 2022. The Company is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments. The standard modifies the impairment model for most financial assets and certain other instruments to utilize an expected loss methodology in place of the currently used incurred loss methodology. The standard will be effective for the Company for the fiscal year ending December 31, 2023. The Company is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles ("GAAP") 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 reported period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date. Currently, the Company may charge interest on delinquent accounts receivable. Accounts receivable are stated at the amount billed to the customer.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that may not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balances that will not be collected. Management also uses past experiences and future economic conditions in estimating the total uncollectible amount. Based on these criteria, the allowance for doubtful accounts at December 31, 2020 and 2019 is $35,400.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost and are depreciated over their useful lives using both the accelerated and straight-line methods. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant betterments are capitalized.

Warranty Accrual

The Company warrants the parts and equipment on the Kona Entertainment Vehicle for two years, except for the chassis which is warrantied by the manufacturer. The warranty accrual is a reasonable estimate by management based on incurred warranty expense on previous sales.

	2020	2019
Beginning accrual balance	$ 197,263	$ 108,000
Less: Claims	(20,751)	(119,602)
Plus: Additional provisions	5,650	208,865
Ending accrual balance	$ 182,162	$ 197,263

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs charged to operations were $591,384 and $566,354 for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

Effective July 3, 2019, the Company elected, under Section 1361(a)(2) of the Internal Revenue Code, to be taxed as a corporation. Prior to that date the Company was taxed as an S corporation. Under those provisions, most of the tax benefits and liabilities from the corporation passed directly to the shareholders. Accordingly, no provision for federal income taxes was made before the Company elected to be taxed as a corporation.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for the difference between the basis of assets and liabilities for financial statement versus income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes), amortization, prepaid expenses, inventory, and deferred revenue. The deferred tax assets or liabilities represent the future tax consequences of those differences, which will be either taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Company adheres to the GAAP provisions of Accounting for Uncertainty in Income Taxes. These provisions clarify the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Revenue Recognition

On January 1, 2019, the Company adopted ASU 2014-09 "Revenue from Contracts with Customers" and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The Company's revenues come from transactions with franchisees for new truck, used truck, and equipment sales, operating supplies, franchise fees, royalties, marketing fees, truck upgrades and repairs, and Konvention (annual franchisee meeting) attendance fees, all which fall under the scope of ASC 606.

The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of December 31, 2018. The new revenue guidance changes the revenue recognition of initial franchise fees. Previously, the Company recognized the initial franchise fee as revenue when the franchisee's truck was delivered. Under the new guidance, the Company recognizes the franchise fee over the life of the franchise (10 years).

Franchise fee revenue recognized during 2020 and 2019 was $1,936,500 and $1,770,000, respectively. Prior to implementation of ASC 606 in the franchise fee revenue in 2019 would have been $2,154,000 resulting in a decrease of revenue recognized of $384,000. The Company recognized a reduction of $8,737,500 to retained earnings as the cumulative effect of adoption of the accounting change as of January 1, 2019 with a corresponding increase of Contract liability – deferred franchise revenue on the balance sheet.

The following table summarizes the impact on the Company's Total equity due to adopting ASC 606 using the modified retrospective method described above:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	Legacy GAAP	After Adoption of ASC 606
Total equity as of December 31, 2018	$ 7,440,472	$ 7,440,472
Net income for year ended December 31, 2019	5,600,405	5,216,405
Contributions	4,320,075	4,320,075
Distributions and return of capital	(7,756,854)	(7,756,854)
Total equity as of December 31, 2019	9,604,098	9,220,098
Cumulative effect of the adoption of ASC 606 at January 1, 2019	-	(8,737,500)
Total equity at December 31, 2019	$ 9,604,098	$ 482,598

The new truck, used truck, and equipment sales are considered separate performance obligations, based on significant judgments, and recognized upon delivery. Payment is due, and revenue is recognized, for these items upon delivery.

Franchise fee revenue is paid when the franchise agreement is signed and recognized over the franchise period on a straight-line basis once the truck is delivered and every anniversary date subsequent to the delivery. The current portion of the deferred franchise revenue is based on anniversary date.

Annual marketing and royalty fees (contractually fixed fees) are paid over one to four months and are recognized on a straight-line basis over the fiscal year. A portion of the royalty fees is deferred over the first seven years of the franchise agreement and recognized once a rewrap (new vinyl truck wrap) is performed.

Konvention attendance fee revenue is paid several months before the event and revenue is recognized when the event occurs. Inventory sales, and transfer fees are recognized at a point in time when performance obligations are completed and paid under customary payment terms.

The majority of the revenue recognized by the Company is at a point in time with the remainder recognized over time. Approximately $17,570,000 and $22,991,800 of total revenue is recognized at a point in time with approximately $6,838,800 and $6,121,200 recognized over time in 2020 and 2019, respectively.

Fair Value Measurements

The financial statements have been prepared in accordance with the GAAP provisions for fair value measurements. These provisions define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. These provisions emphasize that fair value is market-based measurement and should be determined based on assumptions that a market participant would use when pricing an asset or liability. Additionally, the provisions establish a fair value hierarchy that provides the highest priority to quoted prices in active markets and the lowest priority to unobservable data.

In determining fair value, the Company uses various valuation approaches. GAAP provisions establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the ability to observe inputs as follows:

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

Level 2 – Directly or indirectly observable inputs not included in Level 1. Inputs can be quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market), inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 – Unobservable inputs that are significant to the overall fair value measurement. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

NOTE 2 INVENTORY

Inventory is value at the lower of cost (determined on a FIFO basis) or market. It consists primarily of trucks that are in various stages of construction and supplies. Inventory consisted of the following at December 31:

	2020	2019
Trucks and truck supplies	$ 4,964,451	$ 3,857,548
Kiosks	201,129	18,171
Entertainment trailers	24,376	22,656
Mini karts	18,045	14,863
Mini trailers	42,327	30,586
Merchandise and parts	1,056,090	1,214,873
	$ 6,306,418	$ 5,158,697

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2020	2019
Equipment	$ 416,495	$ 476,603
Computer equipment	11,400	11,400
Leasehold improvements	497,491	497,491
Furniture and fixtures	71,642	61,303
Software	5,909	5,909
Vehicles	1,396,162	1,389,558
	$ 2,399,099	$ 2,442,264

Depreciation was $210,548 and $239,172 for the years ended December 31, 2020 and 2019, respectively.

NOTE 4 LINE OF CREDIT

At December 31, 2019, the Company's ultimate parent had a $6,000,000 line of credit with a local bank. The line of credit was to expire on November 27, 2022. No amount was outstanding at December 31, 2019. The Company was a guarantor of the line of credit and substantially all the Company's assets were collateral for the line of credit. The line of credit was closed on December 14, 2020.

The Company had a $3,000,000 line of credit with a local bank which terminated June 30, 2019. Interest was charged at the prime rate during 2019, and was payable monthly. At June 30, 2019, the rate was 5.00%. The line of credit was secured by the assets of the Company. The balance outstanding on the line of credit was $-0- as of December 31, 2019.

NOTE 5 NOTES PAYABLE

	2020	2019
In December 2020, the Company received loan proceeds of $28,000,000 under the Main Street Loan Program. The loan is bearing interest of the 30 day LIBOR rate plus 3% until January 8, 2021 and then the rate changes monthly to the 30 day LIBOR rate plus an interest rate margin. Commencing on January 9, 2022 the Company will make monthly payments of accrued interest. In addition to the monthly accrued interest payments the Company shall make a principal payment of 15% of the outstanding balance on December 9, 2023 and December 9, 2024. The loan is due on December 9, 2025. The loan is guaranteed by a stockholder of the Company.	$ 28,000,000	$ -
Note payable to Ally due in monthly installments of $918.70 including both principal and interest. This note is bearing an interest rate of 4.89%. The note matures in January 2027. This note is collateralized by a vehicle.	67,887	-
Note payable to Ally due in monthly installments of $919 including both principal and interest. This note is bearing an interest rate of 4.89%. The note matures in January 2026. This note is collateralized by a vehicle.	49,520	57,111
Capital lease for a copier due in monthly installments of $135 including both principal and interest. This lease is bearing an interest rate of 11.78%. The final payment of this lease is due December 2022. This lease is collateralized by the copier.	2,874	4,078
	28,120,281	61,189
Less: current portion	23,481	8,792
	28,096,800	52,397
Less: Unamortized loan fees	(591,862)	-
Net long-term debt	$ 27,504,938	$ 52,397

NOTE 5 NOTES PAYABLE (CONTINUED)

Current maturities for the next five years are as follows at December 31, 2020:

2021	$ 23,481
2022	23,695
2023	4,223,270
2024	3,594,419
2025	20,254,512
Thereafter	904
	$ 28,120,281

NOTE 6 INCOME TAXES PAYABLE

The income tax (provision) benefit for the years ended December 31, 2020 and 2019 consisted of the following:

	2020	Restated 2019
State and local taxes	$ (154,442)	$ (84,672)
Federal income taxes	(613,357)	(219,380)
Net effect of temporary timing differences	41,378	81,998
Total income tax expense	$ (726,421)	$ (222,054)

NOTE 6 INCOME TAXES PAYABLE (CONTINUED)

The tax effect of temporary timing differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2020 and 2019 is as follows:

	2020	Restated 2019
Deferred tax assets:		
Amortization	$ 121,645	$ 88,414
Accrued expenses	100,433	54,424
Inventory	15,647	10,971
Deferred royalty revenue	358,032	360,444
Deferred franchise fee revenue	2,185,620	2,308,998
Other	8,834	8,832
Total deferred tax assets	2,790,211	2,832,083
Deferred tax liabilities:		
Property, plant and equipment, principally due to differences in depreciation	(263,752)	(309,281)
Prepaid expenses currently deductible	(10,882)	(48,603)
Total deferred tax liabilities	(274,634)	(357,884)
Net deferred tax asset	$ 2,515,577	$ 2,474,199

The Company has reflected deferred income taxes at 26% for December 31, 2020 and 2019, which represents a blended statutory federal and state income tax rate.
The following reconciles the statutory income tax rate to the rate used for the income tax expense:

2020	Gross	Tax Effect	Rate
Net income before taxes - 21%	$ 3,391,824	$ 712,283	21.00%
Permanent differences - 21%	(611,703)	(128,458)	-3.79%
Permanent true up - 21%	176,610	37,088	1.09%
State tax - 79%	154,442	122,009	3.60%
Current year research credit - 100%	(16,502)	(16,502)	-0.49%
	$ 3,094,671	$ 726,421	21.42%

2019	Gross	Tax Effect	Rate
Net income before taxes - 21%	$ 375,697	$ 78,896	21.00%
Permanent differences - 21%	403,858	84,810	22.57%
State tax - 79%	84,672	66,891	17.80%
Prior year items not recorded - 21%	(44,714)	(9,390)	-2.50%
Other	-	847	0.23%
	$ 819,513	$ 222,054	58.88%

NOTE 7 RELATED PARTY TRANSACTIONS/SALE OF RECEIVABLES

The Company sells a portion of its accounts receivable at a discount to a related party, which specializes in sales finance contracts. The Company may recover some of the discount based on the performance of the portfolio as a whole. These discount recoveries are recognized when received. Any recourse obligation is immaterial, and no liability has been recorded. The companies are related through common ownership. The sole shareholder of the related party owns 5% (via interest in parent) of Kona Ice, Inc., as of December 31, 2020 and 2019. The Company sold accounts receivable to the related party of $6,972,659 and $4,391,197 and received $5,849,511 and $3,732,517, for the sale of accounts receivable, not including discount recoveries of $291,000 and $579,403, for the years ended December 31, 2020 and 2019, respectively. The receivable sales transactions are comparable with other sales finance purchases made by the related party. The discount and recoveries are included in operating expenses.

The Company also sold accounts receivable to an unrelated entity for face value of $240,320 and $8,899,047 for the years ended December 31, 2020 and 2019, respectively.

The Company leases office, garage and warehouse space from a related party (see Note 8).

The Company has receivables in the amount of $8,906,241 and $3,108,329 due from related parties at December 31, 2020 and 2019, respectively. Collection is not expected in the next year and is listed as long term.

The Company investments in the defined benefit plan (See Note 11) for alternative investments are in funds owned by a related party.

NOTE 8 LEASES

The Company leases office, garage and warehouse space. The leases are month to month leases. Rent expense for the years ended December 31, 2020 and 2019 was $228,145 and $200,371, respectively. Related party rent expense for the years ended December 31, 2020 and 2019 was $201,000 and $168,000, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

The Company is regulated by state laws and regulations in each state in which it operates, including those governing franchise sales and licensing, which are subject to change. These laws and regulations, among other things, establish franchise and licensing requirements which regulate the Company's ability to issue franchise rights. Any adverse change in or interpretation of existing laws or regulations or the failure to comply with any such laws and regulations could result in fines, class action litigation, or interruption or cessation of certain business activities of the Company. Any of these events could have a material effect on the Company's business. In addition, there can be no assurance that amendments to such laws and regulations or new or more restrictive laws or regulations, or interpretations thereof will not be adopted in the future which may make compliance more difficult or expensive, further limit or restrict fees and other charges, curtail the current operations of the Company, restrict the Company's ability to expand its operations or otherwise materially adversely affect the business or prospects of the Company.

NOTE 10 FRANCHISES IN OPERATIONS

The following summarizes the franchise ownership changes for the years then ended:

	2020	2019
Franchises in operation at beginning of year	1,171	1,043
Franchises sold	55	129
Franchises repurchased by franchisor	(1)	(1)
Franchises in operation at end of year	1,225	1,171

NOTE 11 DEFINED BENEFIT PENSION PLAN

The Company has a non-contributory cash balance plan (the "Plan") for employees that meet certain eligibility requirements that are not excluded by class. The benefits are based on the employees group classification equal to a percentage of compensation or a fixed dollar amount as follows:

Group 1: $200,000
Group 2: $235,000
Group 3: 2.5% of compensation

Maximum benefit is $18,333 per month and maximum percent of salary is 100%. The Company's funding policy is to contribute the maximum amount allowed by ERISA for each plan year. The measurement date for the plan is December 31. The plan effective date was January 1, 2014. The plan was frozen in 2020.

The funded status of the Plan and amounts recognized in the financial statements as of December 31, 2020 and 2019 is as follows:

	2020	2019
Projected benefit obligation	$ 1,702,637	$ 1,796,625
Plan assets at fair value	1,702,637	1,657,288
Unfunded projected benefit obligation	$ -	$ (139,337)
Minimum pension liability	$ 1,702,637	$ 1,796,625
Accumulated other comprehensive loss	$ -	$ -

Weighted average assumptions used to determine benefit obligations and net periodic cost for the years ended December 31, 2020 and 2019 consisted of the following:

Discount rate: 3.25%
Projected interest crediting rate: 3.25%

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The benefit cost for the years ended December 31, 2020 and 2019 was $-0- and $201,011, respectively.

The accumulated benefit obligation was $1,702,637 and $1,796,625 at December 31, 2020 and 2019, respectively. There were no employee contributions to the Plan for 2020 and 2019. There were no benefits paid in 2020 and 2019, respectively. The Company contributed $139,337 during 2020 for the 2019 plan year. Contributions expected to be made during 2021 for the 2020 year are $-0-.

Benefit payments of $1,702,637 will be made in 2021.

The fair values of the Company's pension assets at December 31, 2020 and 2019, by asset category, are as follows:

	12/31/2020	Level 1	Level 2	Level 3
Asset Category				
Cash	$ 35,586	$ 35,586	$ -	$ -
Investment alternatives	1,667,051	-	-	1,667,051
Total	$ 1,702,637	$ 35,586	$ -	$ 1,667,051

	12/31/2019	Level 1	Level 2	Level 3
Asset Category				
Cash	$ 621,096	$ 621,096	$ -	$ -
Investment alternatives	1,036,192	-	-	1,036,192
Total	$ 1,657,288	$ 621,096	$ -	$ 1,036,192

The investment alternatives are valued at the price put into the funds where the funds purchase debentures. The projected interest crediting rate is based on historical performance of debentures within the funds.

The investment allocation strategy is to put all money into investment alternatives unless there is a timing issue where cash needs to be held at end of year.

The roll forward of the Level 3 investment as of December 31, 2020 and 2019 is as follows:

Investment alternatives at 12/31/18	$ 1,028,658
Capital appreciation	7,534
Investment alternatives at 12/31/19	1,036,192
Contributions	636,000
Capital depreciation	(5,141)
Investment alternatives at 12/31/20	$ 1,667,051

NOTE 12 401(K) PLAN

The Company has a defined contribution 401(k) plan, which began January 1, 2014, covering employees who meet stated eligibility requirements. Company contributions are made at the discretion of management. The Company contribution expense was $180,000 and $170,818 in 2020 and 2019, respectively.

NOTE 13 PAYCHECK PROTECTION PROGRAM ("PPP")

In June 2020, the AICPA issued Technical Question and Answer ("TQA") 3200.18, *Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program*. The TQA addresses accounting for nongovernmental entities that are not Not-For-Profits, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the loan as a deferred income liability. The TQA further states that if such an entity expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may analogize to International Accounting Standard ("IAS") 20 to account for the PPP loan.

IAS 20 provides a model for accounting of different forms of government assistance, which includes forgivable loans. Under this model, government assistance is not recognized until there is reasonable assurance (similar to the probable threshold in U.S. GAAP) that any conditions attached to the assistance will be met and the assistance will be received.

Once there is reasonable assurance that the conditions will be met, the earnings impact of the grant is recorded on a systemic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Hence, a business entity would record the cash inflow from the PPP loan as a deferred income liability and subsequently reduce the liability, with the offset through earnings as either a credit in the income statement or a reduction of the related expenses, as it recognizes the related cost to which the loan relates, for example, payroll expense.

The Company applied for and received proceeds of $676,700 through the PPP program. The Company has determined through internal calculations that the criteria for forgiveness has been met. In analogizing to IAS 20, the Company considers the PPP loan a grant that has been forgiven and has recognize the PPP grant as other income in the statements of income. Subsequent to year end the loan was forgiven.

NOTE 14 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of the issuance of the consolidated financial statements, the Company's operations have not been significantly impacted, however, due to the continued uncertainty, the Company continues to monitor the situation. No impairments were recorded as of the balance sheet date. In addition, while the Company's results of operations, cash flows and financial condition could be impacted, the extent of the impact cannot be reasonably estimated at this time.

NOTE 15 RECLASSIFICATIONS

Certain reclassifications were made to the 2019 financial statements to adhere to the presentation adopted for the 2020 financial statements. No change to net income was made.

NOTE 16 PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 2019 have been restated to correct an error in not recording net deferred tax assets upon the conversion to being taxed as a corporation made in 2019. The effect of the restatement on the previously issued 2019 financial statements was to increase net deferred tax assets by $2,392,201, decrease net income by $83,203 due to a decrease in the deferred tax benefit, and increase retained earnings by $2,308,998.

NOTE 17 SUBSEQUENT EVENTS

Subsequent events were considered through April 15, 2021 which is the date these financial statements were available to be issued.

Kona Ice, Inc.

Financial Statements
Years Ended December 31, 2019 and 2018
With Independent Auditors' Report

KONA ICE, INC.

Financial Statements
Years Ended December 31, 2019 and 2018

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Independent Auditors' Report

To the Stockholder of
Kona Ice, Inc. (A Wholly-Owned Subsidiary of Kona Ice Holdings, LLC)
Florence, Kentucky

We have audited the accompanying financial statements of Kona Ice, Inc., (a corporation), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, 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 auditors' 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 Kona Ice, Inc. as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the Company has adopted on January 1, 2019, Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Adoption of ASC 606 has resulted in an increase in deferred revenue and decreased in retained earngs of $8,737,500 and expanded disclosures. Our opinion is not modified with respect to this matter.

Barnes, Dennig & Co., Ltd.

May 11, 2020
Crestview Hills, Kentucky

KONA ICE, INC.

Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current:		
Cash	$ 5,282,693	$ 2,154,172
Inventory	5,158,697	2,150,437
Accounts receivable - net	1,049,172	331,090
Prepaid expenses	194,803	110,905
Total current assets	11,685,365	4,746,604
Fixed assets:		
Property and equipment	2,684,622	3,140,538
Less: Accumulated depreciation	(978,650)	(1,112,992)
Total fixed assets	1,705,972	2,027,546
Other:		
Security deposits	750	750
Other assets	22,317	162
Deferred tax asset	165,201	-
Accounts receivable - related parties	2,865,971	2,446,485
Note receivable - related party	-	7,000,000
Total other assets	3,054,239	9,447,397
Total assets	$ 16,445,576	$ 16,221,547

(Continued)

KONA ICE, INC.

Balance Sheets (Continued)
December 31, 2019 and 2018

	2019	2018
Liabilities		
Current:		
Notes payable - current portion	$ 8,792	$ 44,684
Accounts payable	2,953,553	1,184,985
Accrued expenses	607,903	819,139
Deferred royalty revenue	1,444,671	1,344,438
Deferred franchise fee revenue	1,645,500	205,000
Deferred Konvention fee revenue	182,291	505,751
Customer deposits	1,458,871	1,573,811
Total current liabilities	8,301,581	5,677,808
Long-term:		
Deferred franchise fee revenue	7,609,000	-
Notes payable - net of current portion	52,397	103,267
Line of credit	-	3,000,000
Total long-term liabilities	7,661,397	3,103,267
Total liabilities	15,962,978	8,781,075
Equity		
Common stock - 1,000 shares authorized, issued and outstanding - $0 and $.20 par value at December 31, 2019 and 2018, respectively	-	200
Additional paid in captial	4,320,075	-
Retained earnings (deficit)	(3,837,477)	7,440,272
Total equity	482,598	7,440,472
Total liabilities and equity	$ 16,445,576	$ 16,221,547

The accompanying notes are an integral part of these financial statements

KONA ICE, INC.

Statements of Income
Years Ended December 31, 2019 and 2018

	2019	2018
Revenues	$ 29,112,971	$ 28,019,505
Cost of goods sold	16,846,820	15,039,017
Gross profit	12,266,151	12,980,488
Operating expenses:		
Selling, general and administrative expenses	7,613,951	10,005,227
Operating income	4,652,200	2,975,261
Other income (expense):		
Other income - net	274,938	203,287
Interest income	349,523	788,580
Gain on sale of property and equipment	150,714	108,354
Interest expense	(81,704)	(143,452)
Bad debt recovery (expense)	9,585	(59,208)
Total other income (expense)	703,056	897,561
Income before income taxes	5,355,256	3,872,822
Income tax (expense) benefit:		
Current	(304,052)	-
Deferred	165,201	-
Total income tax (expense) benefit	(138,851)	-
Net income	$ 5,216,405	$ 3,872,822

The accompanying notes are an integral part of these financial statements

KONA ICE, INC.

Statements of Equity
Years Ended December 31, 2019 and 2018

	Common Stock	Additional Paid in Captial	Retained Earnings (Deficit)
Balance at December 31, 2017	$ 200	$ -	$ 6,186,814
Net income	-	-	3,872,822
Distributions	-	-	(2,619,364)
Balance at December 31, 2018	200	-	7,440,272
Adoption of ASC 606	-	-	(8,737,500)
Net income	-	-	5,216,405
Return of capital	(200)	-	-
Contributions	-	4,320,075	-
Distributions	-	-	(7,756,654)
Balance at December 31, 2019	$ -	$ 4,320,075	$ (3,837,477)

The accompanying notes are an integral part of these financial statements

KONA ICE, INC.

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net income	$ 5,216,405	$ 3,872,822
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	239,172	421,400
Gain on sale of property and equipment	(150,714)	(108,354)
Changes in:		
Inventory	(3,008,260)	(153,097)
Accounts receivable - net	(718,082)	(98,565)
Prepaid expenses	(83,898)	(51,316)
Other assets	(22,155)	-
Deferred tax asset	(165,201)	-
Accounts payable	1,768,568	2,742
Accrued expenses	(211,236)	279,313
Deferred revenue	88,773	70,754
Customer deposits	(114,940)	68,961
Net cash provided by operating activities	2,838,432	4,304,660
Cash flows from investing activities:		
Advances on notes receivable - related party	-	(4,000,000)
Payments from notes receivable - related party	7,000,000	3,000,000
Advances on accounts receivable - related party	(419,486)	(367,389)
Capital expenditures for property and equipment	(666,333)	(1,161,468)
Proceeds from sale of property and equipment	956,560	258,664
Net cash provided by (used in) investing activities	6,870,741	(2,270,193)
Cash flows from financing activities:		
Advances on line of credit	-	1,000,000
Payments on line of credit	(3,000,000)	-
Principal payments on long-term debt	(143,873)	(58,720)
Contributions	4,320,075	-
Return of capital	(200)	-
Distributions	(7,756,654)	(2,619,364)
Net cash used in financing activities	(6,580,652)	(1,678,084)

(Continued)

KONA ICE, INC.

Statements of Cash Flows (Continued)
Years Ended December 31, 2019 and 2018

	2019	2018
Net change in cash	3,128,521	356,383
Cash beginning of year	2,154,172	1,797,789
Cash end of year	$ 5,282,693	$ 2,154,172
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 81,704	$ 143,452
Cash paid during the year for taxes	$ 235,000	$ -

Supplemental disclosure of non-cash transactions:

During 2019 and 2018, the Company purchased vehicles with proceeds from long-term debt in the amount of $57,111 and $-0-, respectively.

As of January 1, 2019, the Company adopted ASC 606 resulting in an increase in deferred revenue and a decrease in retained earnings of $8,737,500.

The accompanying notes are an integral part of these financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Kona Ice, Inc. (the "Company") is a corporation providing franchise services and operating trucks, mini karts, trailers, and kiosks in the shaved ice industry throughout the United States of America. They contract directly with individuals for the purchase of a shaved ice truck and a territory in which to operate. The Company provides marketing services and advertising for the franchisees.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, "Leases," which provides guidance on the recognition of leases. The standard requires lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. The new guidance will continue to classify leases as either finance or operating, with classification affecting the pattern of expense recognition in the statements of income. This guidance will be effective for the Company for the fiscal year ending December 31, 2021. The Company is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments. The standard modifies the impairment model for most financial assets and certain other instruments to utilize an expected loss methodology in place of the currently used incurred loss methodology. The standard will be effective for the Company for the fiscal year ending December 31, 2021. The Company is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles ("GAAP") 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 reported period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date except for retainage amounts which are due within 30 days of contract completion. In substantially all instances, the Company has lien rights. Currently, the Company may charge interest on delinquent accounts receivable. Accounts receivable are stated at the amount billed to the customer.

Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that may not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balances that will not be collected. Management also uses past experiences and future economic conditions in estimating the total uncollectible amount. Based on these criteria, the allowance for doubtful accounts at December 31, 2019 and 2018 is $35,400.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost and are depreciated over their useful lives using both the accelerated and straight-line methods. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant betterments are capitalized.

Warranty Accrual

The Company warrants the parts and equipment on the Kona Entertainment Vehicle for two years, except for the chassis which is warrantied by the manufacturer. The warranty accrual is a reasonable estimate by management based on incurred warranty expense on previous sales.

	2019	2018
Beginning accrual balance	$ 108,000	$ 108,000
Less: Claims	(30,274)	(194,658)
Plus: Additional provisions	119,537	194,658
Ending accrual balance	$ 197,263	$ 108,000

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs charged to operations were $566,354 and $463,550 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes

Effective July 3, 2019, the Company elected, under Section 1361(a)(2) of the Internal Revenue Code, to be taxed as a corporation. Prior to that date the Company was taxed as an S corporation. Under those provisions, most of the tax benefits and liabilities from the corporation passed directly to the shareholders. Accordingly, no provision for federal income taxes was made before the Company elected to be taxed as a corporation.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for the difference between the basis of assets and liabilities for financial statement versus income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes), amortization, prepaid expenses, inventory, and deferred revenue. The deferred tax assets or liabilities represent the future tax consequences of those differences, which will be either taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Company adheres to the GAAP provisions of Accounting for Uncertainty in Income Taxes. These provisions clarify the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Revenue Recognition

On January 1, 2019, the Company adopted ASU 2014-09 "Revenue from Contracts with Customers" and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The Company's revenues come from transactions with franchisees for new truck, used truck, and equipment sales, operating supplies, franchise fees, royalties, marketing fees, truck upgrades and repairs, and Konvention (annual franchisee meeting) attendance fees, all which fall under the scope of ASC 606.

The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of December 31, 2018. Results for reporting periods beginning after December 31, 2018 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The new revenue guidance changes the revenue recognition of initial franchise fees. Previously, the Company recognized the initial franchise fee as revenue when the franchisee's truck was delivered. Under the new guidance, the Company recognizes the franchise fee over the life of the franchise (10 years).

Franchise fee revenue recognized during 2019 was $1,770,000. Prior to implementation of ASC 606 the franchise fee revenue would have been $2,154,000 resulting in a decrease of revenue recognized of $384,000. The Company recognized a reduction of $8,737,500 to retained earnings as the cumulative effect of adoption of the accounting change as of January 1, 2019 with a corresponding increase of Contract liability – deferred franchise revenue on the balance sheet.

The following table summarizes the impact on the Company's Total equity due to adopting ASC 606 using the modified retrospective method described above:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	Legacy GAAP	After Adoption of ASC 606
Total equity as of December 31, 2018	$ 7,440,472	$ 7,440,472
Net income for year ended December 31, 2019	5,600,405	5,216,405
Contributions	4,320,075	4,320,075
Distributions and return of capital	(7,756,854)	(7,756,854)
Total equity as of December 31, 2019	9,604,098	9,220,098
Cumulative effect of the adoption of ASC 606 at January 1, 2019	-	(8,737,500)
Total equity at December 31, 2019	$ 9,604,098	$ 482,598

The new truck, used truck, and equipment sales are considered separare performance obligations, based on significant judgments, and recognized upon delivery. Payment is due, and revenue is recognized, for these items upon delivery.

Franchise fee revenue is paid when the franchise agreement is signed and recognized over the franchise period on a straight-line basis once the truck is delivered and every anniversary date subsequent to the delivery. The current portion of the deferred franchise revenue is based on anniversary date.

Annual marketing and royalty fees (contractually fixed fees) are paid over one to four months and are recognized on a straight-line basis over the fiscal year. A portion of the royalty fees is deferred over the first seven years of the franchise agreement and recognized once a rewrap (new vinyl truck wrap) is performed.

Konvention attendance fee revenue is paid several months before the event and revenue is recognized when the event occurs. Inventory sales, and transfer fees are recognized at a point in time when performance obligations are completed and paid under customary payment terms.

The majority of the revenue recognized by the Company is at a point in time with the remainder recognized over time. Approximately $22,991,800 of total revenue is recognized at a point in time with approximately $6,121,200 recognized over time in 2019.

Fair Value Measurements

The financial statements have been prepared in accordance with the GAAP provisions for fair value measurements. These provisions define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. These provisions emphasize that fair value is market-based measurement and should be determined based on assumptions that a market participant would use when pricing an asset or liability. Additionally, the provisions establish a fair value hierarchy that provides the highest priority to quoted prices in active markets and the lowest priority to unobservable data.

In determining fair value, the Company uses various valuation approaches. GAAP provisions establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the ability to observe inputs as follows:

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

Level 2 – Directly or indirectly observable inputs not included in Level 1. Inputs can be quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market), inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 – Unobservable inputs that are significant to the overall fair value measurement. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

NOTE 2 INVENTORY

Inventory is recorded at cost. It consists primarily of trucks that are in various stages of construction and supplies. Inventory consisted of the following at December 31:

	2019	2018
Trucks and truck supplies	$ 3,857,548	$ 1,377,104
Kiosks	18,171	213,818
Entertainment trailers	22,656	135,937
Mini karts	14,863	17,230
Mini trailers	30,586	18,077
Merchandise and parts	1,214,873	388,271
	$ 5,158,697	$ 2,150,437

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Equipment	$ 476,603	$ 644,735
Computer equipment	11,400	47,351
Leasehold improvements	497,491	465,086
Furniture and fixtures	61,303	66,426
Software	5,909	-
Vehicles	1,389,558	1,874,854
Construction in progress	242,358	42,086
	$ 2,684,622	$ 3,140,538

Depreciation was $239,172 and $421,354 for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 LINE OF CREDIT

At December 31, 2019, the Company's ultimate parent has a $6,000,000 line of credit with a local bank. The line of credit expires on November 27, 2022. No amount was outstanding at December 31, 2019. The Company is a guarantor of the line of credit and substantially all the Company's assets are collateral for the line of credit.

The Company had a $3,000,000 line of credit with a local bank which terminated June 30, 2019. Interest was charged at the prime rate during 2019 and prime rate less one-half percent, with a minimum interest rate of 5.00% for 2018, and was payable monthly. At June 30, 2019 and December 31, 2018, the rate was 5.00%. The line of credit was secured by the assets of the Company. The balance outstanding on the line of credit was $-0- and $3,000,000 as of December 31, 2019 and 2018, respectively.

NOTE 5 NOTES PAYABLE

	2019	2018
Note payable to Ally due in monthly installments of $726.35 including both principal and interest. This note was bearing an interest rate of 4.50%. The note was paid in full during 2019. This note was collateralized by a vehicle.	$ -	$ 20,545
Note payable to Ally due in monthly installments of $1,199.08 including both principal and interest. This note was bearing an interest rate of 4.50%. The note was paid in full during 2019. This note was collateralized by a vehicle.	-	35,024
Note payable to Ally due in monthly installments of $625.85 including both principal and interest. This note was bearing an interest rate of 4.50%. The note was paid in full during 2019. This note was collateralized by a vehicle.	-	18,833
Note payable to Ally due in monthly installments of $858.95 including both principal and interest. This note was bearing an interest rate of 5.33%. The note was paid in full during 2019. This note was collateralized by a vehicle.	-	37,049
Note payable to Ally due in monthly installments of $726.85 including both principal and interest. This note was bearing an interest rate of 5.33%. The note was paid in full during 2019. This note was collateralized by a vehicle.	-	31,352
Note payable to Ally due in monthly installments of $919 including both principal and interest. This note is bearing an interest rate of 4.89%. The note matures in January 2026. This note is collateralized by a vehicle.	57,111	-

NOTE 5 NOTES PAYABLE (CONTINUED)

	2019	2018
Capital lease for a copier due in monthly installments of $135 including both principal and interest. This lease is bearing an interest rate of 11.78%. The final payment of this lease is due December 2022. This lease is collateralized by the copier.	4,078	5,148
	61,189	147,951
Less: current portion	8,792	44,684
Net long-term debt	$ 52,397	$ 103,267

Current maturities for the next five years are as follows at December 31, 2019:

2020	$ 8,792
2021	10,151
2022	10,759
2023	9,700
2024	10,185
Thereafter	11,602
	$ 61,189

NOTE 6 INCOME TAXES PAYABLE

The income tax provision for the years ended December 31, 2019 and 2018 consisted of the following:

	2019	2018
State and local taxes	$ (84,672)	$ -
Federal income taxes	(219,380)	-
Net effect of temporary timing differences	165,201	-
Total income tax expense	$ (138,851)	$ -

NOTE 6 INCOME TAXES PAYABLE (CONTINUED)

The tax effect of temporary timing differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2019 and 2018 is as follows:

	2019	2018
Deferred tax assets:		
Amortization	$ 88,414	$ -
Accrued expenses	54,424	-
Inventory	10,971	-
Deferred revenue	360,444	-
Other	8,832	-
Total deferred tax assets	523,085	-
Deferred tax liabilities:		
Property, plant and equipment, principally due to differences in depreciation	(309,281)	-
Prepaid expenses currently deductible	(48,603)	-
Total deferred tax liabilities	(357,884)	-
Net deferred tax benefits	$ 165,201	$ -

The Company has reflected deferred income taxes at 26% for December 31, 2019, which represents a blended statutory federal and state income tax rate.

NOTE 7 RELATED PARTY TRANSACTIONS

The Company sells a portion of its accounts receivable at a discount to a related party, which specializes in sales finance contracts. The Company may recover some of the discount based on the performance of the portfolio as a whole. These discount recoveries are recognized when received. Any recourse obligation is immaterial, and no liability has been recorded. The companies are related through common ownership. The sole shareholder of the related party owns 5% (via interest in parent) and owned 47% of Kona Ice, Inc., as of December 31, 2019 and 2018, respectively. The Company sold accounts receivable to the related party of $4,391,197 and $3,919,400 and received $3,732,517 and $3,331,853, for the sale of accounts receivable, not including discount recoveries of $579,403 and $350,000, for the years ended December 31, 2019 and 2018, respectively. The receivable sales transactions are comparable with other sales finance purchases made by the related party.

The Company also sold accounts receivable to an unrelated entity for face value of $8,899,047 and $7,520,112 for the years ended December 31, 2019 and 2018, respectively. A discount recovery of $1,000,000 was received in 2018, as the final payments of discounts that had accumulated under a previous agreement when the receivables sold to the unrelated entity were sold at a discount. There were no discount recoveries during 2019.

The Company had notes receivable in the total amount of $-0- and $7,000,000 to a related party at December 31, 2019 and 2018, respectively. The notes were paid in full during 2019.

NOTE 7 RELATED PARTY TRANSACTIONS (CONTINUED)

The Company leases office, garage and warehouse space from a related party (see Note 8).

The Company has receivables in the amount of $2,865,971 and $2,446,485 due from a related parties at December 31, 2019 and 2018, respectively. Collection is not expected in the next year and is listed as long term.

The Company investments in the defined benefit plan (See Note 11) for alternative investments are in funds owned by a related party.

NOTE 8 LEASES

The Company leases office, garage and warehouse space. The leases are month to month leases. Rent expense for the years ended December 31, 2019 and 2018 was $200,731 and $174,516, respectively. Related party rent expense for the years ended December 31, 2019 and 2018 was $168,000 and $146,000, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

The Company is regulated by state laws and regulations in each state in which it operates, including those governing franchise sales and licensing, which are subject to change. These laws and regulations, among other things, establish franchise and licensing requirements which regulate the Company's ability to issue franchise rights. Any adverse change in or interpretation of existing laws or regulations or the failure to comply with any such laws and regulations could result in fines, class action litigation, or interruption or cessation of certain business activities of the Company. Any of these events could have a material effect on the Company's business. In addition, there can be no assurance that amendments to such laws and regulations or new or more restrictive laws or regulations, or interpretations thereof will not be adopted in the future which may make compliance more difficult or expensive, further limit or restrict fees and other charges, curtail the current operations of the Company, restrict the Company's ability to expand its operations or otherwise materially adversely affect the business or prospects of the Company.

NOTE 10 FRANCHISES IN OPERATIONS

The following summarizes the franchise ownership changes for the years then ended:

	2019	2018
Franchises in operation at beginning of year	1,064	919
Franchises sold	154	160
Franchises repurchased by franchisor	(16)	(12)
Franchises taken out of service	(2)	(3)
Franchises in operation at end of year	1,200	1,064

NOTE 11 DEFINED BENEFIT PENSION PLAN

The Company has a non-contributory cash balance plan (the "Plan") for employees that meet certain eligibility requirements that are not excluded by class. The benefits are based on the employees group classification equal to a percentage of compensation or a fixed dollar amount as follows:

Group 1: $200,000
Group 2: $235,000
Group 3: 2.5% of compensation

Maximum benefit is $18,333 per month and maximum percent of salary is 100%. The Company's funding policy is to contribute the maximum amount allowed by ERISA for each plan year. The measurement date for the plan is December 31. The plan effective date was January 1, 2014. The plan was frozen in 2020.

The funded status of the Plan and amounts recognized in the financial statements as of December 31, 2019 and 2018 is as follows:

	2019	2018
Projected benefit obligation	$ 1,796,625	$ 1,276,618
Plan assets at fair value	1,657,288	1,028,994
Unfunded projected benefit obligation	$ (139,337)	$ (247,624)
Minimum pension liability	$ 1,796,625	$ 1,276,618
Accumulated other comprehensive loss	$ -	$ -

Weighted average assumptions used to determine benefit obligations and net periodic cost for the years ended December 31, 2019 and 2018 consisted of the following:

Discount rate: 3.25%
Projected interest crediting rate: 3.25%

The benefit cost for the years ended December 31, 2019 and 2018 was $201,011 and $501,916, respectively.

The accumulated benefit obligation was $1,796,625 and $1,276,618 at December 31, 2019 and 2018, respectively. There were no employee contributions to the Plan for 2019 and 2018. There were no benefits paid in 2019 and 2018. The Company contributed $61,674 during 2019 for the 2019 plan year. Contributions expected to made during 2020 for the 2019 year are $139,337 and are included in accrued liabilities on the balance sheet.

NOTE 11 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following benefit payments are expected to be paid:

Fiscal Years Ending	Expected Benefit Payments
2020	$ 13,699
2021	-
2022	12,317
2023	-
2024	13,248
2025-2029	8,118
	$ 47,382

The fair values of the Company's pension assets at December 31, 2019 and 2018, by asset category, are as follows:

Asset Category	12/31/2019	Level 1	Level 2	Level 3
Cash	$ 621,096	$ 621,096	$ -	$ -
Investment alternatives	1,036,192	-	-	1,036,192
Total	$ 1,657,288	$ 621,096	$ -	$ 1,036,192

Asset Category	12/31/2018	Level 1	Level 2	Level 3
Cash	$ 336	$ 336	$ -	$ -
Investment alternatives	1,028,658	-	-	1,028,658
Total	$ 1,028,994	$ 336	$ -	$ 1,028,658

NOTE 12 401(K) PLAN

The Company has a defined contribution 401(k) plan, which began January 1, 2014, covering employees who meet stated eligibility requirements. Company contributions are made at the discretion of management. The Company contribution expense was $170,818 and $161,712 in 2019 and 2018, respectively.

NOTE 13 SUBSEQUENT EVENTS

Subsequent to year end, a worldwide pandemic emerged which is known as the Coronavirus ("COVID-19"). COVID-19 has caused most of the states that we, and our franchisees, operate in to significantly curtail their economic and social activities. As of the date of issuance of the accompanying financial statements, the financial and operational impacts of COVID-19 on the Corporation were uncertain and cannot be reasonably estimated.

Subsequent events were considered through May 11, 2020 which is the date these financial statements were available to be issued.

EXHIBIT C

FRANCHISE AGREEMENT

EXHIBIT C

KONA ICE, INC.
FRANCHISE AGREEMENT

Franchisee: _____

Date: _____

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ATTACHMENTS:

ATTACHMENT A	FRANCHISE DATA SHEET
ATTACHMENT B	OWNERSHIP INTERESTS
ATTACHMENT C	OWNERS AGREEMENT
ATTACHMENT D	ADDITIONAL EQUIPMENT AMENDMENT

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Franchise Agreement") is made and entered into by and between Kona Ice, Inc., a Kentucky corporation, with its principal business address at 5945 Centennial Circle, Florence, Kentucky, 41042 ("Franchisor," "we," "us," or "our"), and the franchise owner identified on the signature block of this Franchise Agreement ("Franchisee," "you" or "your"), made effective as of the date listed in Attachment A (the "Effective Date").

1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE.

1.A PREAMBLES.

(1) We have developed a unique system of selling flavored shaved ice, ice cream, and related products to the general public within a mobile environment ("**Kona Ice Business(es)**"). Kona Ice Businesses have distinctive business formats, methods, procedures, designs, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time.

(2) We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols to be used in connection with the operation of Kona Ice Businesses, and we may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, the "**Marks**").

(3) We and our affiliates use, promote, and license a registered patent to be used in connection with the operation of Kona Ice Businesses, and we may create, use, and license other patents for the same use (the "**Patent**").

(4) We grant franchises ("**Kona Ice Franchise**" or "**Franchise**") to persons who meet our qualifications, and are willing to undertake the investment and effort, to own and operate a Kona Ice Business offering the services and goods we authorize using under our "**System Standards**," which consist of business formats, methods, procedures, signs, designs, standards, specifications, Patent, and Marks we authorize (the "**Franchise System**").

(5) As a Kona Ice Franchise owner, you must comply with this Franchise Agreement and all System Standards to maintain the high and consistent quality, critical to attracting customers of Kona Ice Businesses and preserving the goodwill of the Marks.

1.B ACKNOWLEDGMENTS.

You acknowledge and agree:

(1) That you have independently investigated this franchise opportunity and recognize that, like any other business, the nature of the business that a Kona Ice Franchise conducts may, and probably will, evolve and change over time.

(2) That an investment in a Kona Ice Franchise involves business risks that could result in the loss of all or part of your investment.

(3) That your personal business abilities and efforts are vital to your success.

(4) That attracting customers to your Kona Ice Franchise will require you to make continual marketing efforts.

(5) That retaining customers for your Kona Ice Franchise will require you to have a high level of customer service and adhere strictly to and maintain the Franchise System and our System Standards.

(6) That you have not received from us, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Kona Ice Franchise.

(7) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual capacity and that business dealings between you and them as a result of this Franchise Agreement are deemed only between you and us.

(8) That you have represented to us, to induce our entry into this Franchise Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

(9) That you have read this Franchise Agreement and our Franchise Disclosure Document and understand and accept this Franchise Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service and to protect and preserve the goodwill of the Marks.

(10) That we have made no representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Franchise Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including the ability of your own business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Franchise Agreement.

(11) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Kona Ice Franchise except those materials prohibited or restricted under applicable federal and state law and/or regulations.

(12) That you have been afforded an opportunity, and have been encouraged by us, to have this Franchise Agreement and all other agreements and materials we have given or made available to you reviewed by an independent attorney and have either done so or expressly waived your right to do so.

(13) That you alone will exercise day-to-day control over all operations, activities and elements of the Kona Ice Franchise and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of Franchise System which you are required to comply with under this Franchise Agreement, whether set forth in the Brand Manual (defined in Section 5C) or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that we control any aspect or element of the day-to-day operations of the Kona Ice Franchise, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the Kona Ice Franchise.

1.C LEGAL ENTITY.

You are required to be a legal entity ("**Entity**"). You agree and represent that:

(1) You have the authority to execute, deliver, and perform your obligations under this Franchise Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Franchise Agreement's restrictions;

(3) Attachment B to this Franchise Agreement completely and accurately describes all of your direct and indirect owners (i.e. each person or entity holding a direct or indirect ownership in you under this Franchise Agreement), (each a "**Owner**") and their interests in you as of the Effective Date;

(4) Each of your Owners and your Owners' spouses will execute the Owners Agreement in the form attached hereto as Attachment C undertaking personally to be bound, jointly and severally, by all provisions of this Franchise Agreement and any ancillary agreements between you and us. Subject to our rights and your obligations under Section 13, you and your Owners agree to sign and deliver to us revised versions of Attachment B from time to time to reflect any changes in the information that Attachment B now contains;

(5) The Kona Ice Franchise will be the only business you operate during the term of this Franchise Agreement (although your Owners may own other, noncompetitive business interests); and

(6) You have identified on Attachment A one of your Owners who is a natural person with at least 25% ownership interest and voting power in you and has the authority of a chief executive officer (the "**Managing Owner**"). If you are an entity with multiple Owners, one of your Owners who is a natural person must have at least 51% ownership interest and voting power in you (including a spouse's interest). You have delivered to us a completed Attachment A to accurately identify the Managing Owner.

1.D GRANT AND TERM OF FRANCHISE AGREEMENT.

We grant you a Franchise to own and operate a Kona Ice Business. You must operate one proprietary Kona Ice truck, known as the Kona Entertainment Vehicle ("**KEV**") within the Protected Territory. The term of the Kona Ice Franchise and this Franchise Agreement begins on the Effective Date and expires ten years after the Effective Date ("**Initial Term**"), unless sooner terminated. You agree at all times faithfully, honestly, and diligently to perform your obligations under this Franchise Agreement and to use your best efforts to promote the Kona Ice Business. If you are signing this franchise agreement as a successor franchise agreement, the references to the "Initial Term" shall mean the applicable renewal term of the successor agreement. If you do not sign a successor franchise agreement prior to the expiration of this Franchise Agreement and continue to accept the benefits of this Franchise Agreement after its expiration, then, at our option, this Franchise Agreement may be treated either as (i) expired as of the date of expiration with your continued operation being a violation of this Franchise Agreement; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written

notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Franchise Agreement had not expired, and all covenants, obligations and restrictions imposed on Franchisee upon expiration of this Franchise Agreement shall be deemed to take effect upon termination of the Interim Period.

1.E RIGHT TO OPERATE MULTIPLE KEVS.

You must operate one KEV during the Initial Term pursuant to the terms of this Franchise Agreement. If you would like to operate more than one KEV, you will be required to purchase an additional Kona Ice Franchise for each KEV (except you may purchase a KEV Express Truck as "Additional Equipment" (defined in Section 3D) to operate in your Protected Territory) and execute an additional franchise agreement.

2. TERRITORY.

2.A TERRITORIAL RIGHTS.

As long as you are not in default under the Franchise Agreement, except as permitted by this Section, we (including our affiliates) will not establish, or franchise any entity to establish, a Kona Ice Business within the geographic area described in Attachment A (the "**Protected Territory**"). If the population of your Protected Territory increases during the Initial Term of this Franchise Agreement by more than 25% using the population listed on zip-codes.com, we may reduce the size of your Protected Territory to 100,000 people upon 30 days' notice unless you purchase an additional KEV. "**Territory Infringement**" occurs when a franchisee generates income from a customer by receiving payment for goods and/or services provided and/or rendered within the protected territory of another Kona Ice franchisee without first obtaining that franchisee's and our written permission. A franchisee who infringes upon another franchisee's protective territory is subject to the following fines, payable to us within five days after the infringement(s) is/are proven:

(1) first violation - $1,000 plus the invoice amount for the products or services sold; and

(2) second violation and subsequent violations - $5,000 plus the invoice amount for the products or services performed.

The collected fine amounts shall become our property and any distribution of these funds shall be in our sole discretion. The total violations count is cumulative over the life of this Franchise Agreement regardless of where and when the violations occur.

You may provide services and sell products to customers located outside of the Protected Territory without being subject to Territory Infringement under the following circumstance: (1) there is no other franchisee in that area; (2) the customer initiates the contact with you; and (3) you first receive our express written consent, which may be withheld in our sole discretion. You are prohibited from directly marketing to or soliciting customers whose principal business office (or principal residence, if the customer is an individual) is outside of your Protected Territory unless we specify otherwise to you in writing. You may not advertise in any media whose primary circulation is outside of the Protected Territory without our permission, unless the advertisement is part of a cooperative advertising program. We do not grant a right of first refusal to franchisees to purchase new or existing locations. This Franchise Agreement does not grant you rights to pursue any of Franchisor's or its affiliates' business concepts other than the Kona Ice Franchise.

2.B TERRITORIAL RIGHTS WE RESERVE.

We and our affiliates retain certain rights with respect to the sale of similar, or dissimilar, services and products, and any other activities. These rights include the right to:

(1) use, and to license others to use, the Marks and Franchise System for the operation of Kona Ice Franchises at any location other than in the Protected Territory, including co-branding activities, regardless of proximity to the Protected Territory;

(2) use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location, including the Protected Territory, in association with operations that are similar to or different than the Kona Ice Franchise, including co-branding activities;

(3) use the Marks and the Franchise System in connection with the provision of other services and products, or in alternative channels of distribution at any location outside the Protected Territory;

(4) offer the services or products similar to those offered by Kona Ice Franchises, or grant others the right to offer the services or products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, by Internet, mail order sales, telemarketing, or other direct marketing sales, wholesalers, retail outlets or other distribution outlets (other than Kona Ice Franchises), whether inside or outside the Protected Territory;

(5) utilize any websites, including social media websites, utilizing a domain name incorporating the word "Kona Ice", or the Marks, or similar derivatives thereof;

(6) to engage in any transaction, including to purchase or be purchased by, merge or combine with, to convert to the Franchise System or be converted into a new system or chain with any business, whether franchised or corporately owned, including, but not limited to, a business that competes directly with your Kona Ice Franchise, wherever located, provided that in such situations the newly acquired businesses located in your Protected Territory will not operate using the Marks;

(7) to use and license the use of technology to non-franchisee locations inside and outside the Protected Territory;

(8) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell customers anywhere or direct such customers to the Kona Ice Franchise that Franchisor chooses, in its discretion. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs; and

(9) to engage in any other business activities not expressly prohibited by this Franchise Agreement, both within and outside your Protected Territory.

If we engage in electronic commerce through the Internet, or sell through any other alternative channel of distribution, and we receive orders for any products or services calling for delivery or performance in your Protected Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, our affiliate, or a third party we designate (including

another Kona Ice Business) may fulfill the order, and you will be entitled to no compensation in connection with the sale.

3. DEVELOPMENT AND OPENING OF THE KONA ICE FRANCHISE.

3.A FRANCHISE PREMISES.

Kona Ice Franchises are typically operated out of the franchisee's home or KEV but may be operated from office buildings, business parks, and other commercial real estate locations. If you decide to operate your Kona Ice Franchises out of an office, you will be solely liable for its compliance with all applicable business ordinances and building codes, and for obtaining all necessary health, building, sign, and other permits, licenses and bonds, as may be required for the operation of the office.

3.B KONA ENTERTAINMENT VEHICLE.

You must purchase the KEV from us or our affiliate. You will pay the current cost of the KEV in effect at the time of delivery, which may be more than the price at the time of the signing of this Franchise Agreement. The current cost of the KEV is $124,500. You will pay a non-refundable $5,000 deposit when you sign this Franchise Agreement and pay the entire remaining balance in full when you take delivery of your KEV. You may be able to obtain financing for the KEV upon the terms in the Franchise Disclosure Document. KEV payments are non-refundable. You may not utilize any other truck or vehicle, other than the KEV or any "Additional Equipment," in the operation of your Kona Ice Franchise and the KEV and any "Additional Equipment" must only be used for the operation of your Kona Ice Franchise and not for any other purpose. You must operate at least one KEV, and may operate multiple KEVs in the Protected Territory. We may not allow you to purchase any additional KEVs or Additional Equipment if you are in default of this Franchise Agreement or if you have any unpaid amounts due to us or any of our affiliates.

Although all KEVs will follow a consistent theme, the details of their design may differ often, based upon local requirements. If modifications to the KEV are necessary to comply with applicable local laws and/or ordinances, or if you request any optional customization or additional features, you may be required to pay a fee to us or our affiliate for the costs and expenses in making the necessary modifications to the KEV. You will also be required to purchase an initial inventory of Kona Ice equipment, uniforms, and supplies from us or our affiliates when you purchase the KEV. These payments are non-refundable.

Because you do not have to locate a site from which to operate your Kona Ice Business, we do not provide you with assistance in doing so. You may open an office, but it is not required and does not need to be approved by us. You must find a location to store the KEV, which may be at your residence if permitted. You must use our approved supplier for the window tinting of your KEV. Any person who drives your KEV must be 18 years of age or older and have a valid driver's license, and each of your KEVs must be properly licensed, registered, and insured. Should your KEV or any Additional Equipment be subject to a manufacturer's vehicle safety recall, you must immediately notify us in writing and perform the required repairs, maintenance, and/or inspections at your sole cost and expense before using your KEV or any Additional Equipment in the operation of you Kona Ice Business. You acknowledge and agree that we are not responsible for any obligations or costs associated with the operation of the KEV or any Additional Equipment, including any safety recall of the KEV or of any Additional Equipment.

3.C COMPUTER SYSTEM, SOFTWARE & RELATED EQUIPMENT.

We reserve the right to periodically designate computer hardware or software, including a point-of-sale system, for you to use. You agree to use our proprietary MyKonaBiz operating software in the operation of your Kona Ice Business. In order to provide for inevitable but unpredictable changes to the technology, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the Franchise System. If required by us, you agree to purchase point-of-sales hardware and/or software ("POS System") and pay ongoing POS System fees to us, our affiliate, and/or the third-party vendor we designate. We do not currently have independent access to your computer system but reserve the right to conduct periodic audits for any accounting records contained in such hardware. You agree to provide us with any and all codes, passwords and information necessary to access your computer system, point-of-sale systems and software and must receive our prior written approval before changing such codes, passwords and other necessary information.

You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems or software and for any increases in fees from suppliers. We reserve the right to: (i) change or add approved suppliers or vendors of these services at any time, in our sole discretion; (ii) enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology; (iii) create proprietary software or technology that must be used by Kona Ice franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees; and (iv) increase or decrease the Technology Fee and other technology and licensing and expenses that you are required to pay under this Franchise Agreement at any time, upon 30 days' written notice to Franchisee.

You must obtain and use at least one Kona Ice email address from us. You must pay us $60 per year for each email address you obtain, which is currently due on or before October 1st of each year. If your Protected Territory covers multiple states, or if you have more than one Franchise and such Franchise is 30 miles or more away from your other Franchise, you will be required to have an email address for each state in which you have a Franchise as well as for each Franchise that is more than 30 miles from any other Franchise you own. Additionally, if you have more than one "Find a Kona Mini Website", then you must have and pay for a different email address for each mini website. You must have access to accounting software such as QuickBooks and word processing software such as Microsoft Office.

3.D ADDITIONAL EQUIPMENT.

During the Initial Term, you may, but are not required to, purchase any additional equipment ("**Additional Equipment**") we offer for use in the Protected Territory. You must sign our then-current "**Additional Equipment Amendment,**" the current form of which is in Attachment D to this Franchise Agreement, for any Additional Equipment that you purchase and you will be required to pay the then-current "AE Royalty" as stated below in Section 4.C. The Additional Equipment offered and the AE Royalty for such equipment may change during the Initial Term and any successor terms. You will not be permitted to purchase any Additional Equipment until your KEV is open and operating and you are in compliance with this Franchise Agreement. You may not transfer any Additional Equipment without our prior written consent. We may approve or reject your request to transfer Additional Equipment in our sole discretion. In addition, we reserve the right to condition our approval of a transfer on: (i) you being in good standing under this Franchise Agreement at the time of transfer, (ii) you paying off any loans or debts related to the Additional Equipment; (iii) Additional Equipment being modified in such a way to protect the Franchise System and/or any proprietary interests or trade secrets we have in the Additional Equipment; (iv) that the purchaser of the Additional Equipment be an existing Kona Ice franchisee;

and/or (v) such additional conditions that we deem reasonable in the circumstances. If we approve of your request for a transfer of Additional Equipment, you agree to pay us a transfer fee of $500 per item.

3.E KONA ENTERTAINMENT VEHICLE AND ADDITIONAL EQUIPMENT STANDARDS.

Throughout the term of this Franchise Agreement, you must:

(1) operate and maintain the KEV and any Additional Equipment in accordance with our System Standards, as may be provided in the Brand Manual or otherwise in writing and, at our request, periodically update or improve the decoration and/or design of the KEV and any Additional Equipment. You may be required to pay a fee in the event that we or our affiliate needs to modify any part of the KEV from our standard specifications in order to meet with relevant state or local health department requirements in your Protected Territory. Any required update or improvement must be made within 30 days of our delivery of notice to you that such updates or improvements must be made at your sole expense;

(2) maintain the condition of the KEV and any Additional Equipment as clean, orderly, and consistent with the image of a Kona Ice Franchise as we prescribe from time to time, at your sole expense, including, but not limited to, allowing us to rewrap the KEV and any Additional Equipment, at your expense, as needed, but no later than after seven years of operation for your KEV (or your KEV Express Truck if you did a KEV Express Conversion). You agree to remodel each KEV (and KEV Express Truck and any Additional Equipment) you operate at least once every seven years to meet our then-current System Standards at your sole cost and expense or more frequently if any KEV (or KEV Express Truck or any Additional Equipment) is not in compliance with our then-current System Standards. All necessary updates, removal of vinyl, and installation of vinyl must be performed at an authorized upfit facility, which, as of the Effective Date, are currently located in Florence, KY, Las Vegas, NV and New Braunfels, TX (these locations may change over the Initial Term);

(3) not use the KEV or any Additional Equipment for any purpose other than the operation of the Kona Ice Franchise and store the KEV and Additional Equipment in accordance with our System Standards;

(4) place or display on the KEV and any Additional Equipment only the signs, emblems, branding audio content, video content, lettering and logos we provide or approve from time to time;

(5) send us photographs of the KEV and any Additional Equipment at least once per calendar year, as we request;

(6) allow us to inspect the KEV and any Additional Equipment in the frequencies and manners described in the Systems Standards; and

(7) not transfer, sell, pledge, give away, decommission or otherwise encumber the KEV and any Additional Equipment without our prior written approval and, except for a transfer or sale of the KEV or any Additional Equipment to us, our affiliates or another Kona Ice franchisee, you must fully decommission the KEV and any Additional Equipment by removing all proprietary items and Marks from the KEV and Additional Equipment in

accordance with our System Standards including, but not limited to: all wraps, internal and external FlavorWave components, bottle racks, drip trays, external fins and awnings, LED lighting, menu boards, stickers, decals, Kona Companion, KIB display screen, Kreations flavoring and scent diffuser. Once the KEV and/or Additional Equipment has been fully decommissioned you must allow us to inspect or send photographs to us for our review and prior approval.

3.F BUSINESS OPENING.

You agree not to open the Kona Ice Business for business until:

(1) we notify you in writing that the Kona Ice Franchise meets our standards and specifications;

(2) your Managing Owner, your Designated Manager (as defined in Section 9F), and any other required attendees satisfactorily complete applicable portions of training before opening;

(3) you pay the initial franchise fee and all other amounts then due to us; and

(4) you give us certificates for all required insurance policies (as described in Section 9G).

Subject to your compliance with these conditions, you agree to open the Kona Ice Business to the public no more than 12 weeks after the Effective Date. The date that the Kona Ice Franchise first opens to the public shall be the "Opening Date."

3.G NOTICE.

If you believe that we (or our affiliates) have failed to adequately provide any assistance or services to you as provided in this Franchise Agreement, you will notify us in writing within 30 days following ours or our affiliates' provision of such assistance or services. Without the timely provision of such notice to us, you will be deemed to conclusively acknowledge that all such assistance or services required to be provided by us or our affiliates were sufficient and satisfactory in your judgment.

4. FEES.

4.A INITIAL FRANCHISE FEE.

You must pay us an initial franchise fee of $15,000 ("**Initial Franchise Fee**") when you sign this Franchise Agreement. The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances.

4.B RESERVATION FEE.

Provided you are not in default of this Franchise Agreement or any other agreement with us, you may, subject to availability and our approval, reserve additional territories by paying us a territory reservation fee of $10,000 per territory ("**Reservation Fee**") and entering into our Additional Franchise Reservation Agreement, the current form of which is attached to the Franchise Disclosure Document in Exhibit H. The Reservation Fee and Additional Franchise Reservation Agreement allows you to hold a territory for up to 12 months and provides an additional right of first refusal for an additional 12 months, after which your rights will expire and will not be renewed. You can only operate in an additional

territory under a separate franchise agreement with us and you must sign our then-current franchise agreement in order to do so. The Reservation Fee will be applied to the Initial Franchise Fee of the additional Kona Ice Franchise at the time you sign the corresponding franchise agreement. The Reservation Fee is non-refundable under any circumstances, even if you do not open an additional Kona Ice Franchise.

4.C ROYALTY FEE.

Beginning on the Opening Date, and continuing for the term of this Franchise Agreement, including any Interim Period, you agree to pay us the royalty fees listed below (the "**Royalty**" or "**Royalties**") in either three or six installments per year ("**KEV Royalty Schedule**"):

Time Period*	Total Royalty	KEV Royalty Schedule (If you make 3 installment payments per year)	KEV Royalty Schedule (If you make 6 installment payments per year)
Years 1-2	$3,000	June 30: $1,000 July 31: $1,000 August 31: $1,000	May 31: $500 June 30: $500 July 31: $500 August 31: $500 September 30: $500 October 31: $500
Years 3-6	$3,500	June 30: $1,166 July 31: $1,166 August 31: $1,168	May 31: $583 June 30: $583 July 31: $584 August 31: $583 September 30: $583 October 31: $584
Years 7-10 (plus any Interim Period, if applicable)*	$4,000	June 30: $1,333 July 31: $1,333 August 31: $1,334	May 31: $666 June 30: $666 July 31: $667 August 31: $666 September 30: $666 October 31: $667

*If you are an existing franchisee and this agreement is a successor franchise agreement or if you are a transferee signing this Franchise Agreement, the date for determining your KEV Royalty Schedule will be determined from the date the initial Franchise Agreement was signed for the Kona Ice Business you are continuing to operate or acquired. Your Royalty will be $4,000 for year 11, $4,500 for years 12 through 15 and $5,000 for years 16 through 20.

If you purchase Additional Equipment you will be required to pay additional royalty fees for the Additional Equipment ("**AE Royalty**"). The AE Royalty will depend on the type of Additional Equipment and will be the then-current rate at the time you enter into the Additional Equipment Amendment. The AE Royalty will be due for as long as you own the Additional Equipment. For this Franchise Agreement, all references to Royalty shall include any AE Royalty unless otherwise noted. We reserve the right to adjust your Royalty annually based on the Consumer Product Index.

4.D TERRITORY CHANGE.

You may not revise or amend your Protected Territory (a "**Territory Revision**") without our express written consent, which we may approve or reject in our sole discretion. If you request and we approve of a Territory Revision, you agree to pay us a fee equal to $1,000 if the revisions are made within 30 days of delivery of the KEV; or $2,500 if the revisions are made between 31 and 90 days of delivery of the KEV. No revisions or amendments will be approved to your Protected Territory after 90 days of delivery of the KEV.

You may not relocate your Protected Territory (a "**Territory Relocation**") without our express written consent, which we may approve or reject in our sole discretion. If you request and we approve of a Territory Relocation, you agree to pay us a fee of $2,500.

If you wish to amend your Protected Territory after the Effective Date, you must submit to us a written request for approval of the proposed Territory Revision or Territory Relocation. We may, but have no obligation to, grant such a written request in our sole discretion. Among the other factors which we may consider are any of our or our affiliates obligations under any other contract, the effects that the Territory Revision or Territory Relocation might have on the customers' services by your Protected Territory, the proximity to and possible effects of the Territory Revision or Territory Relocation on any other franchisee's Protected Territory or Kona Ice Business, any possible effects of the Territory Revision or Territory Relocation on any aspect of the Franchise System, and any franchisee recruitment efforts that have been directed towards the areas that might be covered by or affected by the Territory Revision or Territory Relocation. If we grant your request for a Territory Revision or Territory Relocation, in addition to payment of the applicable fee by you, we may condition such approval on fulfillment of any conditions on that Territory Revision or Territory Relocation that we deem reasonable.

4.E TECHNOLOGY FEE.

You agree to pay us our then-current fee as stated in the Brand Standards Manual for the use of certain technologies and software, which may be provided by us and/or by third parties, including but not limited to our proprietary MyKonaBiz operating software (the "**Technology Fee**"). We reserve the right to periodically increase the Technology Fee upon written notice to you if we offer updated or additional software or technology. The Technology Fee is not refundable under any circumstances. The Technology Fee is currently due on the 15th day of each month, based on the number of years in operation and the number of Kona Ice Businesses a franchisee operates. If you are a new Kona Ice franchisee that operates a single KEV, your current Technology Fee is $10 per month during the first year your KEV (or KEV Express Truck) is in operation. Beginning the earlier of: (i) the second year your first KEV (or KEV Express Truck) is in operation; (ii) when you operate multiple KEVs, (or KEV Express Trucks) or add Additional Equipment to your Kona Ice Businesses; or (iii) if this Franchise Agreement is a successor franchise agreement; your Technology Fee will currently be paid according to the following schedule, which we may be revised and increased from time to time:

Total Number of KEVs, KEV Express Trucks and Additional Equipment	Monthly Technology Fee
1 - 2	$39.99
3 - 6	$79.99
7 - 9	$119.99
10+	$159.99

4.F APPLICATION OF PAYMENTS.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your Owners owe us or our affiliates against any amounts we or our affiliates owe you or your Owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Franchise Agreement.

4.G METHOD OF PAYMENT.

The Royalty and "Brand Fund Contributions" (see Section 10.A below shall be payable to Franchisor on a yearly basis via check, credit card, electronic funds transfer ("**EFT**"), or whatever method we designate from time to time. We have the right to periodically specify (in the Brand Manual or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly or monthly payment, payment by auto-draft, credit card and payment by check. If you make any payment to us by credit card for any fee or required payment, we may charge a service charge of up to 3% of the total charge. You shall not subordinate to any other obligation its obligation to pay the Royalty or any other fee or charge due to us or our affiliate under this Franchise Agreement.

We may require you to remit fees and other amounts due to us under this Franchise Agreement via EFT or other similar means utilizing an approved computer system or otherwise. You agree to comply with our procedures and/or perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish payment by such method.

4.H LATE PAYMENTS/INSUFFICIENT FUNDS.

Any payment not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us, besides the overdue amounts, interest on such amounts from the date such amount were due until paid, at $25 per day plus the lesser of: (i) 12% simple interest per year; or (ii) the highest interest rate allowed by law, whichever is less, calculated daily. Such interest will be in addition to any other remedies we may have under law or equity. We may debit your bank account automatically or deduct from amounts we owe you for service charges and interest. You acknowledge this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Kona Ice Franchise.

If any check or electronic fund transfer payment from you to us does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, a non-sufficient funds fee of $100 per incidence.

5. TRAINING AND ASSISTANCE.

5.A INITIAL TRAINING.

You are required to complete our initial training program at the times and places we designate ("**Initial Training**"). Initial Training shall consist of a minimum of two and a maximum of four calendar days. The Managing Owner and, if applicable, "Designated Manager" (see Section 9.F) must attend and complete Initial Training to our satisfaction prior to the Kona Ice Franchise opening for business ("**Initial Training Deadline**"). If you have purchased an existing Kona Ice Franchise pursuant to this Franchise Agreement, the Initial Training Deadline will be the Effective Date.

We will provide Initial Training for up to two attendees so long as they attend the same training session. Additional persons may attend Initial Training at our then-current training fees. We will pay for hotel and airfare for one attendee to attend the Initial Training (or reimburse one attendee's hotel and airfare if you are in a fee deferral state). You will pay for all other living expenses for the attendee and agree to pay for any and all travel and/or living expenses which any other attendees incur. Any new Managing Owner or Designated Manager must also complete Initial Training to our satisfaction before assuming responsibility for the management of your Kona Ice Business. If any of your attendees are unable to complete Initial Training to our satisfaction, we may terminate this Franchise Agreement without refunding your Initial Franchise Fee.

5.B ONGOING TRAINING.

Your previously trained and experienced employees and any newly hired employees must satisfactorily complete any required training courses and continuing education courses we periodically provide, or designate a third party to provide, at your cost at the times and locations we designate. You may also request that we provide you or your employees with additional training. If we agree to provide additional training, we may charge a tuition fee for these courses. You agree to pay all travel and living costs of your attendees. If we agree to provide additional training at your Kona Ice Business, you agree to pay us for all travel and living costs our trainers incur in traveling to your Kona Ice Business. You may attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings related to new products or services, new operational procedures or programs, training, management, sales or sales promotion, or similar topics. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

5.C GENERAL GUIDANCE.

Upon reasonable request, we will advise you from time to time regarding the Kona Ice Franchise operation based on your reports or our inspections and will guide you with respect to: (1) standards, specifications, operating procedures and methods that Kona Ice Franchises use; (2) purchasing required and authorized operating assets and other items and arranging for their distribution to you from us or the suppliers; (3) advertising and marketing materials and programs; (4) employee training; and (5) administrative, bookkeeping, accounting, and inventory control procedures. We will guide you in our confidential operations manual ("**Brand Manual**"); in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our office or the Kona Ice Franchise. Our Brand Manual will also contain our "Success Guide." We may provide you additional assistance upon your request, in our discretion. If we provide such assistance, you will be required to pay our then-current fees.

5.D BRAND MANUAL.

We will loan you or provide you with access on our website to one copy of our Brand Manual, which may include audio, video, websites, software, other electronic media, and/or written materials. The Brand Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("**System Standards**") we periodically prescribe for operating a Kona Ice Business and information on your other obligations under this Franchise Agreement. You acknowledge that your compliance with the Brand Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain uniform quality of operation. However, while the Brand Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Kona Ice Business. We may modify the Brand Manual periodically to reflect changes in System Standards.

You agree to keep your copy of the Brand Manual current and in a secure location. If there is a dispute over its contents, our master copy of the Brand Manual shall control. You agree the Brand Manual's contents are confidential and that you will not disclose the Brand Manual to any person other than Kona Ice Franchise employees who must know its contents. You will require anyone who may have access to the Brand Manual to sign a confidentiality agreement (the current form of which is attached to the Franchise Disclosure Document in Exhibit H). You may not copy, duplicate, record, or otherwise reproduce any part of the Brand Manual. If your copy of the Brand Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy at our then-applicable charge. In addition, if you lose, give away, make unauthorized copies, fail to return or otherwise misappropriate all or some of the Brand Manual, you will be required to pay us liquidated damages to offset the damages we will incur as a result of this misappropriation. These liquidated damages are determined by taking our total revenue from our previous fiscal year, multiplied by the fraction which results from taking one divided by the current number of Kona Ice franchisees as of the date of the misappropriation, except that this fee will not, under any circumstances, be less than $30,000.

At our option, we may post some or all of the Brand Manual on a restricted website or extranet to which you will have access. If we do so, you agree to monitor and access the website or extranet for any updates to the Brand Manual or System Standards. Any passwords or other digital identifications necessary to access the Brand Manual on a website or extranet will be deemed part of Confidential Information (defined in Section 7 below).

5.E DELEGATION OF PERFORMANCE.

You agree we have the right to delegate to third party designees, whether these designees are our agents or independent contractors with whom we have contracted (1) the performance of any portion or all of our obligations under this Franchise Agreement, and (2) any right that we have under this Franchise Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Franchise Agreement.

5.F STAFFING.

You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Kona Ice Franchise. You must require all your employees to work in clean uniforms approved by us, but furnished at your cost or the employees' cost as you may determine. You understand and acknowledge it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Kona Ice Business and meet your obligations under this Franchise Agreement. You alone are responsible for all employment decisions and functions of your Kona Ice Business, including, without limitation, 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 you have received advice from us on these subjects or not. You will have sole authority and control over the day-to-day operations of the Kona Ice Business and its employees. We will have no duty or obligation to direct your employees or oversee your employment policies or practices, and we will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and you agree to indemnify us for any such liabilities we incur. You agree that any direction you receive from us regarding employment policies should be considered as examples, and that you are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. Your employees hired working for you will be your employees alone and will not, for any purpose, be deemed our employees or subject to our control, including with respect to any mandated or other insurance coverage, tax, or contributions, or

requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. You agree to inform each of your employees that you alone are the employer, and that we are not. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof.

6. INTELLECTUAL PROPERTY.

6.A OWNERSHIP AND GOODWILL OF MARKS.

Your right to use the Marks is derived only from this Franchise Agreement and limited to your operating the Kona Ice Franchise according to this Franchise Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Franchise Agreement and infringes our rights in the Marks. You acknowledge and agree that any unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree your use of the Marks and any goodwill established by that use are exclusively for our benefit and this Franchise Agreement confers no goodwill or other interests in the Marks upon you (other than the right to operate the Kona Ice Franchise under this Franchise Agreement). All provisions of this Franchise Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Franchise Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

6.B LIMITATIONS ON YOUR USE OF MARKS.

You agree to use the Marks as the Kona Ice Franchise's sole identification, except you agree to identify yourself as its independent owner and operator in the manner we prescribe. You have no right to sublicense or assign your right to use the Marks. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, or (4) in any other manner we have not expressly authorized in writing. You may not use the KEV or our Marks for purposes other than selling shaved ice, beverages, and related products without our express permission, which may be withheld in our sole discretion.

You may not use any Mark in advertising the transfer, sale, or other disposition of the Kona Ice Franchise or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe on the KEV and any Additional Equipment and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations we specify and to obtain any fictitious or assumed name registrations required under applicable law.

6.C NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. Upon receipt of timely notice of action, claim, or demand against you related to any Mark, we shall have the sole right, but not the duty, to defend any such action. We may take the action we deem appropriate (including no action) and exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any

Mark. If we, in our sole discretion, determine you have used the Marks under this Franchise Agreement, we will pay for such defense, including the cost of any judgment or settlement. In any defense or prosecution of any litigation related to any Mark, you shall cooperate with us. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. At our option, you will join in any action, and, so long as we determine that your use of the Marks was in compliance with this Franchise Agreement, we shall reimburse you for any costs that you incur in joining the action. Any recovery will first go towards reimbursing us for any expenses that we incurred and the remainder, if any will be split equally between us.

6.D DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing Kona Ice Franchise signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 6 apply to any and all of the Marks (and any portion of any Mark) we authorize you to use in this Franchise Agreement. We may exercise these rights at any time and for any reason, business or otherwise, in our sole discretion. You acknowledge both our right to take this action and your obligation to comply with our directions.

6.E COPYRIGHTED MATERIALS.

You acknowledge and agree that:

(1) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by us, and used with the Marks or in association with the Kona Ice Franchise ("**Copyrighted Materials**") is our property.

(2) You shall not dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Copyrighted Materials or our ownership of the Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will you take any action inconsistent with our ownership of the Copyrighted Materials, nor will you represent that you has any right, title, or interest in the Copyrighted Materials other than those expressly granted by this Franchise Agreement.

(3) We may, in our sole and absolute discretion, apply to register or register any copyrights or patents with respect to the services and products associated with the Franchise System and the Copyrighted Materials. Our failure to obtain or maintain in effect any such application or registration is not a breach of this Franchise Agreement. You shall not, before or after termination or expiration of the Franchise Agreement, register or apply to register any Copyrighted Materials, anywhere in the world.

(4) Upon our request, you shall cooperate fully, both before and after termination or expiration of this Franchise Agreement and at our expense, in confirming, perfecting, preserving, and enforcing our rights in the Copyrighted Materials, including but not limited to, executing and delivering us such documents as we reasonably request for any such purpose, including but not limited to, assignments, powers of attorney, and copies of

commercial documents showing sale and advertising of the services and products associated with the Franchise System. You hereby irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents.

(5) We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity, or enforceability of the copyrighted materials.

(6) You acknowledge and authorize us to use your likeness in a photograph in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you may have in connection with this authorization.

6.F OWNERSHIP AND GOODWILL OF THE PATENT.

Your right to use the Patent is derived only from this Franchise Agreement and limited to your operating the Kona Ice Franchise according to this Franchise Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Patent is a breach of this Franchise Agreement and infringes our rights in the Patent. You acknowledge and agree that any unauthorized use of the Patent will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Patent and any goodwill established by that use are exclusively for our benefit and this Franchise Agreement does not confer any goodwill or other interests in the Patent upon you (other than the right to operate the Kona Ice Franchise under this Franchise Agreement). All provisions of this Franchise Agreement relating to the Patent apply to any additional patents we authorize you to use. You may not at any time during or after this Franchise Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Patent.

6.G NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Patent, or of any person's claim of any rights in any Patent, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Patent. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Patent. We will reimburse you for your costs of taking any action we have directed you to take.

6.H IMPROVEMENTS.

During the Initial Term, or any Interim Period, any improvements or additions to the Franchise System, patents, Copyrighted Materials, recipes, website or any other documents or information pertaining to or relating to the Franchise System or the Kona Ice Franchise, or any new trade names, trade and service marks, logos, or commercial symbols related to the Kona Ice Franchise or any advertising and promotional ideas or inventions related to the Kona Ice Franchise (collectively, the "**Improvements**")

that you conceive or develop shall become our property. You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Kona Ice franchisees without any obligation to you for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which you and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

7. CONFIDENTIAL INFORMATION.

7.A KONA ICE CONFIDENTIAL INFORMATION.

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating Kona Ice Franchise, including (without limitation):

(1) Protected Territory selection criteria;

(2) training and operations materials and manuals;

(3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Kona Ice Franchise;

(4) marketing and advertising programs for Kona Ice Franchise;

(5) knowledge of, specifications for and suppliers of assets and other products and supplies;

(6) any computer software or similar technology proprietary to us or the Franchise System, including, without limitation, our proprietary MyKonaBiz operating software, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of Kona Ice Franchises other than the Kona Ice Franchise; and

(8) all customer data, lists and other information generated by Kona Ice Franchises.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, when we disclosed it to you, already had lawfully become generally known in the food and beverage industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the food and beverage industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims it is not Confidential Information must prove that one of the exclusions in this paragraph is fulfilled.

You, your Owners, and, if applicable, your Designated Manager must sign a written agreement, in the form attached to the Franchise Disclosure Document, to maintain confidential our Confidential Information described in Sections 7 and 16, and to abide by the covenants not to compete described in Section 16.

7.B RESTRICTIONS ON CONFIDENTIAL INFORMATION.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Kona Ice Franchise during the term of this Franchise Agreement that such Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree; and that you:

(1) will not use Confidential Information in any other business or capacity;

(2) will keep each item deemed part of Confidential Information absolutely confidential, both during this Franchise Agreement's term and then thereafter for as long as the item is not generally known in the food and beverage industry, except for disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order;

(3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Kona Ice Franchise personnel and others and using confidentiality agreements with those having access to Confidential Information. We have the right to regulate the form of agreements you use and to be a third party beneficiary of those agreements with independent enforcement rights.

8. EXCLUSIVE RELATIONSHIP.

You acknowledge that we have granted you the Kona Ice Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Franchise Agreement's term, neither you, any of your Owners, nor any of your or your Owners' spouses or other immediate family members will:

(1) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise, in a Competitive Business (as defined below), wherever located or operating (except that equity ownership of less than 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 subparagraph);

(2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or customer of the Kona Ice Franchise to a Competitive Business;

(4) loan money to a Competitive Business;

(5) interfere with us, our affiliates, or any other Kona Ice Franchise; or

(6) engage in any other activity which may injure the goodwill of the Marks, Patent, and/or Franchise System.

The term "**Competitive Business**" means (i) any business providing shaved ice and beverage products and/or services, or any similar products and/or services that directly compete with shaved ice and beverage products or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i); provided that a franchise operated under a franchise agreement, with us or our affiliates, shall not be deemed a Competitive Business.

You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

9. SYSTEM STANDARDS.

9.A CONDITION AND APPEARANCE OF THE KONA ICE FRANCHISE.

You agree that:

(1) you will, at your own cost and expense, purchase, install, maintain and refurbish the condition and appearance of the Kona Ice Franchise, including the KEV and any Additional Equipment, supplies, and signage, in accordance with System Standards and our specifications and requirements, and consistent with the image of a Kona Ice Franchise as an efficiently operated business offering high quality services and products and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in furtherance of these standards will take, without limitation, the following actions during the term of this Franchise Agreement: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the KEV and any Additional Equipment at intervals we prescribe; (b) interior and exterior repair of the KEV and any Additional Equipment; and (c) repair or replacement of damaged, worn out, or obsolete assets used in the operation of the Kona Ice Franchise;

(2) you will place or display on the KEV and any Additional Equipment, only those signs, emblems, designs, artwork, lettering, logos, and display, as we approve from time to time;

(3) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the KEV and any Additional Equipment of the Kona Ice Franchise or its fixtures, furnishings, equipment, assets or signs does not meet our standards, we have the right to notify you, and specify the action you must take to correct the deficiency.

(4) at our request, you will periodically improve and modify the KEV and any Additional Equipment to conform to the then-current System Standards.

9.B STANDARDS ON PRODUCTS AND SERVICES OFFERED.

You agree that: (1) the Kona Ice Franchise will offer the services and products we specify from time to time; (2) the Kona Ice Franchise will offer and sell services and products only by means of, and only at, the KEV and any Additional Equipment and/or in the manner we have prescribed; (3) you will not offer for sale, or sell any products or services we have not approved; and (4) you will discontinue selling and offering for sale any products or services we at any time decide (in our sole discretion) to disapprove in writing.

9.C CUSTOMER INFORMATION.

We may contact any customer of any Kona Ice Franchise at any time for any purpose. Also, if a customer or other patron of the Kona Ice Franchise who wishes to lodge a complaint contacts us, we reserve the right to address the person's complaint to preserve goodwill and prevent damage to the brand. Our right to address complaints may include refunding money to the complaining person, in which case you must reimburse us for these amounts. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all customer lists and documents and records related thereto. All data that you collect, create, provide or otherwise develop in your Kona Ice Business, including customer information, is and will be owned by us, and we will have the right to use such data in any manner we deem appropriate without compensation to you. Upon reasonable request, you must furnish to us, in whatever format we require, all customer information and records for the Kona Ice Franchise.

9.D APPROVED PRODUCTS, DISTRIBUTORS AND SUPPLIERS.

We have developed or may develop standards and specifications for types, models and brands of required assets, fixtures, equipment, signs, and other products, materials and supplies. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates in accordance with the System Standards including, by way of example only, Kreations flavoring and Kona Ice branded cups. Any sale or use of unauthorized products, materials or supplies or other violation of our System Standards by you will result in a notice of violation and the applicable violation fee set forth in Section 9.J.

We may designate ourselves as the approved distributor or supplier, or we may designate a single distributor or supplier for any product, service, equipment, supply, or material, and may approve a supplier or distributor only as to certain products, including your computer system. The designated

supplier may be us or an affiliate of ours. You must provide us with any data relating to your Kona Ice Franchise we may request.

We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases, including, without limitation, from charging you for services and products we or our affiliates provide to you and from payments made to us or our affiliates by suppliers we designate or approve for some or all of our franchisees.

If you would like to purchase any items from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor or have the proposed supplier or distributor submit its own request. We will use commercially reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We may charge the cost of evaluating a proposed new vendor, supplier or product to you, or the vendor or supplier. We have the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet any of our criteria.

9.E COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Kona Ice Franchise and must at all times operate the Kona Ice Franchise in full compliance with all applicable laws, ordinances, and regulations including, without limitation, government regulations relating to truth-in-lending, Department of Transportation regulations, safety and sanitation, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance. You must withhold and pay all applicable federal and state taxes, social security taxes and sales and service taxes. The Kona Ice Franchise must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice, which may be injurious to our business and the goodwill associated with the Marks and other Kona Ice Franchise. You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy. You must notify us in writing within five days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Kona Ice Franchise and of any notice of violation of any law, ordinance, or regulation relating to the Kona Ice Franchise.

If any product dispensed by your Kona Ice Business violates our System Standards or any applicable laws or regulations, or poses a health risk to the public, we may require that you immediately close your Kona Ice Business and not reopen until approved to do so by us and, if applicable, by any governmental entity or agency. In order to protect the public from any risk of harm and to protect the goodwill and reputation of the System, we may seek immediate injunctive relief seeking an order to close your Kona Ice Business if you fail to close your Kona Ice Business upon our request. In the event that injunctive relief is necessary, you shall pay all costs and expenses, including our attorneys' fees and costs incurred. The remedies herein are in addition to and not in substitution for those stated elsewhere in this Franchise Agreement.

9.F MANAGEMENT OF THE KONA ICE FRANCHISE.

Subject to this Section, the Managing Owner shall directly supervise and participate in the day-to-day operation of the Kona Ice Franchise during the term of this Franchise Agreement. At your request, we may, but are not obligated to, agree for you to employ a Designated Manager after the first 60 days of operation (other than the Franchisee/ Managing Owner) to operate the Kona Ice Franchise. The term "**Designated Manager**" means an individual with primary day-to-day responsibility for the Kona Ice Franchise's operations, and may be you (if you are an individual) or an Owner, officer, director, or employee of yours (if you are other than an individual). The Designated Manager shall have similar responsibilities as a Managing Owner. You must deliver to us an amended Attachment A accurately identifying such appointed Designated Manager. The Designated Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Kona Ice Franchise's operations, and must have full authority from you comply with this Franchise Agreement. You must not hire any Designated Manager or successor Designated Manager without first receiving our written approval of such Designated Manager's qualifications. Each Designated Manager must attend and complete our initial training (as detailed in Section 5 of this Franchise Agreement) and sign a System Protection Agreement and Confidentiality Agreement, the current form of which is attached to the Franchise Disclosure Document as Exhibit H. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your Designated Manager (if any) is not qualified to act as designated manager of the Kona Ice Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position. If you are required to appoint a new Designated Manager, you must do so within 30 days of the termination of the previous Designated Manager.

9.G INSURANCE.

Franchisee shall procure, maintain and provide evidence of insurance as follows: (a) workers' compensation insurance in an amount not less than $500,000 or a higher amount as prescribed by state statute or rule in the state in which your Kona Ice Business is located; (b) fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood (if the Franchise is in a designated flood hazard area), and sprinkler leakage insurance on the KEV and all fixtures, equipment, supplies and other property used in the operation of the Kona Ice Business, in an amount the greater of $124,500 or 100% of the replacement value, except that an appropriate deductible clause will be permitted; (c) comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a mobile food business in your Protected Territory, but not less than $1,000,000, insuring both you and us against all claims, suits, obligations, liabilities and damage, including attorney fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the KEV or Additional Equipment; (d) automobile (truck) vehicle liability insurance covering the driving of the KEV and any Additional Equipment in an amount of not less than $1,000,000; and (e) such additional insurance as we may periodically require.

All of these policies must contain the minimum coverage we periodically prescribe in our Brand Manual or other written communications to you, and must have deductibles not to exceed the amounts we specify. These insurance policies, except for employment liability insurance policies, must name us and any affiliates we designate as additional named insureds.

If your state requires higher coverages than we prescribe, you will be required to obtain insurance that satisfies your state law requirements. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances as provided in our Brand Manual, as amended from time to time. These insurance policies must be purchased from an insurance company satisfactory to us and provide for 30 days prior written notice to us of a policy's material modification, cancellation, or expiration. You may purchase this insurance through our captive insurance program, which is offered through our affiliate. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur, plus a 20% administrative surcharge.

9.H PRICING.

We may, from time to time, make suggestions to you regarding your pricing policies in compliance with applicable laws. We retain the right to establish minimum and maximum prices to be charged by you, subject to applicable laws, but any exercise of that right will be specifically set forth in writing. It is furthermore understood and agreed that any list or schedule of prices furnished to you by us may unless otherwise specifically stated as to the minimum or maximum price be treated as a recommendation only and failure to accept or implement any such suggestion may not in any way affect the relationship between you and us.

9.I COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that operating and maintaining the Kona Ice Franchise according to System Standards is essential to preserve the goodwill of the Marks and all Kona Ice Franchises. You agree at all times to operate and maintain the Kona Ice Franchise according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the Franchise System's or your best interests, and those modifications may require you to invest additional capital in the Kona Ice Business and/or incur higher operating expenses. Although we retain the right to establish and periodically modify System Standards you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the Kona Ice Franchise and implementing and maintaining System Standards at the Kona Ice Franchise.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 9.A through 9.I above:

(1) amounts and types of equipment and inventory requirements for products and supplies so the Kona Ice Franchise may operate at full capacity;

(2) terms and conditions of the sale and delivery of, and terms and methods of payment for services and products you obtain from us and affiliated and unaffiliated suppliers; and our affiliates' right not to sell you any products or to provide services, or to do so only on a "cash on delivery" or other basis, if you are in default under any agreement with us;

(3) sales, marketing, advertising, and promotional programs and materials and media used in these programs;

(4) use and display of the Marks for the Kona Ice Business and on labels, forms, paper, products, and other supplies;

(5) identifying the Kona Ice Franchise personnel; and employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);

(6) days and hours of operation;

(7) participation in market research and testing and product and service development programs and participation in, and dues assessed for, advisory councils;

(8) accepting all payment methods and compliance programs and systems relating to the same, and compliance with then-current Payment Card Industry Data Security Standards or other standards we may reasonably specify;

(9) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Kona Ice Franchise; and

(10) any other aspects of operating and maintaining the Kona Ice Franchise we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Patent and Kona Ice Franchise.

You agree that System Standards we prescribe in the Brand Manual, or otherwise communicate to you in writing or another tangible form (for example, via a Franchise System extranet or website), are part of this Franchise Agreement as if fully set forth within its text. All references to this Franchise Agreement include all System Standards as periodically modified.

9.J MODIFICATION OF SYSTEM STANDARDS.

We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Kona Ice Franchise and/or incur higher operating costs. You agree to implement any changes in System Standards within the time we request, whether they involve refurbishing or remodeling the KEV and any Additional Equipment or any other aspect of the Kona Ice Franchise, buying new equipment and/or assets, adding new services and products, adding personnel or otherwise modifying your operations, as if they were part of this Franchise Agreement as of the Effective Date.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider best, in our

sole discretion, to modify System Standards for any franchise owner based upon circumstances we consider important to promote that franchise owner's, or the Franchise System's, successful operation. We may choose not to authorize similar variations or accommodations to you or other franchisees and are not required to do so.

If you fail to follow any of the System Standards we may send you a notice of violation and charge you a fee of $1,000 for the first violation and $5,000 for the second and each additional violation. If you fail to comply with the System Standard in the notice of violation within 30 days of the date of our notice, you will be required to pay us an additional $5,000. These fees are in addition to any and all remedies that we have available under this Franchise Agreement, including but not limited to termination.

9.K MYSTERY SHOPPER PROGRAM.

To ensure uniformity and compliance with the System Standards, we may require you to conduct a self-shop by sending photos of your KEV and any Additional Equipment. In addition, we and our designated agents and representatives (including mystery shoppers) may at all times and without prior notice to you: (i) inspect the KEV and any Additional Equipment; (ii) photograph the KEV and any Additional Equipment and observe and video the KEV and Additional Equipment's operation for consecutive or intermittent periods as we desire; (iii) remove or obtain samples of any products and supplies; and (iv) interview and interact with the Kona Ice Franchise's managers and customers. You agree to cooperate with us and our agents and representatives in any such activities. You agree to present to your customers the evaluation forms we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by or for us. If the results of any mystery shop are unsatisfactory, you must pay us a fee of $1,000 to cover our travel and expenses and you will also be subject to non-compliance fees set forth in Section 9.J.

10. MARKETING.

10.A BRAND FUND CONTRIBUTIONS

Recognizing the value of advertising and marketing to the goodwill and public image of the Kona Ice Franchise, we have established a national advertising and marketing fund (the "**Brand Fund**") for the advertising, marketing, and public relations programs and materials we deem appropriate. You agree to pay $500 for each franchise agreement you have entered into with us per year to the Brand Fund ("**Brand Fund Contribution**"). Brand Fund Contributions are due on June 30th of each year or at such other date we choose, as may be more fully set forth in the Brand Manual. We reserve the right to adjust your Brand Fund payments annually by up to 10%. The Advertising Advisory Board (see Section 10.C, below) may increase or decrease your Brand Fund Contributions at any time upon 75% approval from the Advertising Advisory Board's members.

10.B USE OF ADVERTISING AND BRAND FUNDS.

(1) The following provisions apply to the Brand Fund:

(a) We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

(b) We will account for the Brand Fund separately from our other funds and not use the Brand Fund for our general operating expenses.

(c) We do not have any fiduciary obligation for administering the Brand Fund. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund payments in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Fund payments to pay costs before using the Brand Fund's other assets.

(d) We will prepare an annual, unaudited statement of Brand Fund collections and expenses and give you the statement within 45 days upon the receipt of a written request. We may incorporate the Brand Fund or operate each through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 10.

(e) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund payments at the Brand Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 10, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

(f) We may defer or reduce any Kona Ice franchisee's required payments to the Brand Fund and, upon 30 days' prior written notice to you, reduce or suspend Brand Fund payments and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their, and our, respective Brand Fund payments during the preceding 12 month period.

(g) The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining websites that promotes Kona Ice Franchises and/or related strategies; administering regional and multiregional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

(h) The Brand Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost.

(i) We may use the Brand Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, the Brand Fund's other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses we incur in activities reasonably related to administering or directing the Brand Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund payments.

(j) We intend the Brand Fund to maximize recognition of the Marks and patronage of Kona Ice Franchises. Although we will try to use the Brand Fund to develop

advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Kona Ice Franchise, we cannot ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund payments by contributors operating in that geographic area or that any contributor benefits directly or in proportion to its Brand Fund payment from the development of advertising and marketing materials or the placement of advertising and marketing.

(k) You understand and acknowledge that your Kona Ice Franchise may not benefit directly or in proportion to its payment to the Brand Fund from the development and placement of advertising and development of marketing materials.

10.C ADVERTISING ADVISORY BOARD**.**

We have formed an advisory board ("**Advertising Advisory Board**") for the purpose of jointly advertising and promoting Kona Ice Franchises. The Advertising Advisory Board will determine the type of advertising we will use. Members of the Advertising Advisory Board will prepare governing documents subject to the terms of this Franchise Agreement, the Brand Manual and our consent. We will choose the members of the Advertising Advisory Board in our sole discretion from our franchisees in the Franchise System. In order to be eligible for selection into the Advertising Advisory Board, you must be in good standing, operate multiple Kona Ice Franchises and be actively involved in the betterment of the Franchise System. If we appoint you to the Advertising Advisory Board you agree to join, participate in, and actively support the Advertising Advisory Board. Your Brand Fund Contributions may be increased or decreased at any time upon unanimous approval of the Advertising Advisory Board, upon 30 days' notice to you. We have the sole right, in our discretion, to form, change, or dissolve the Advertising Advisory Board. We will determine the number of members of the Advertising Advisory Board in our sole discretion and provide you with a copy of the Advertising Advisory Board's governing documents upon your written request.

10.D LOCAL ADVERTISING.

You are not required to market on a local basis as an individual Kona Ice Business and are not required to spend a minimum amount on local marketing and promotion in your Protected Territory. You are not required to participate in a local or regional advertising cooperative. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other Kona Ice franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Kona Ice Businesses, and you will not issue coupons or discounts of any type except as approved by us. We may conduct market research and testing to determine consumer trends and the marketability of new food products and services.

You agree to cooperate by participating in our market research programs, test marketing new food products and services in the Kona Ice Business and providing us with timely reports and other relevant information regarding such market research. You must conduct and participate in promotional campaigns (the "**Promotions**") which may from time to time be required, and you must conduct and participate in those Promotions in accordance with any policies and provisions set forth in the Brand Manual. This may include requiring you to offer free products to customers on certain days or providing coupons (not to exceed $500 per year unless authorized by the Advertising Advisory Board). If we require you to conduct and participate in any Promotion, we reserve the right (but we are not required) to

use a portion of the Brand Fund to help Kona Ice Franchises defray a portion of any costs attributable to the Promotions.

We must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved, and you modify). We will be deemed to have disapproved the materials if we fail to issue our written approval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). All advertising must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies we may require from time to time. Before you conduct any advertising or marketing you must send us or our designated agency samples of your proposed materials for review.

You may not advertise via the Internet or a worldwide web page unless we have authorized you to do so in writing. Any such advertising must follow any online policy, that may be contained in our Brand Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, search techniques, locators, metatags, advertising, and co-branding arrangements. We may restrict your use of social media, blogs and all other online sites where our trademarks are used. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols that are similar to the Marks. We intend that any franchisee website will be accessed only through our home page. We reserve the right to update these requirements at any time through the Brand Manual. You agree to not participate in any crowdfunding campaigns or similar money-raising programs for your Kona Ice Franchise. Your failure to comply with this Section is a material breach of this Franchise Agreement. You will provide us with content for our Internet marketing and will sign Internet and intranet usage agreements if requested by us.

In an effort to promote your KEV and Additional Equipment, we reserve the right to develop and implement the use of marketing materials and advertisements which may include audio and/or video content in your KEV and Additional Equipment. This implementation may require you to install additional equipment, including video and audio equipment in your KEV, which you agree to do at your sole cost and expense. We shall have exclusive control over the content of any such marketing materials and advertisements.

10.E FRANCHISE SYSTEM WEBSITE.

We have established one or more websites to advertise, market, and promote Kona Ice Franchises and the services and products that Kona Ice franchisees offer and sell (the "**System Website**"). We will reference the Kona Ice Franchise in the manner we determine from time to time. You must give us the information we request from time to time concerning the Kona Ice Franchise to include on the System Website. By providing the information to us, you will be representing to us it is accurate and not misleading and does not infringe any third party's rights. We will own all intellectual property and other rights in the System Website, all information on it and all information generated from it (including the domain name or URL, the log of "hits" by visitors, and any personal or business data that visitors supply). We are only required to reference your Kona Ice Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Kona Ice Business from the website until you fully cure the subject default(s)

For as long as we maintain the System Website, we shall have the right to use the Brand Fund's assets to develop, maintain and update the System Website. We may periodically update and modify the System Website. You must promptly notify us whenever any information on your listing changes or is

not accurate. You acknowledge that we have final approval rights over all information on the System Website. We may periodically implement and modify System Standards relating to the System Website. You may not, without our prior written approval, develop, maintain or authorize any other website that mentions or describes you or the Kona Ice Franchise or displays any of the Marks. Nothing in this Section shall limit our right to maintain websites other than the System Website. If you default on any of your obligations under this Franchise Agreement, we may temporarily remove all references to your Kona Ice Franchise from the System Website until you fully cure all such defaults.

11. REPORTS.

Upon our request you must provide to us, at your expense and in a form acceptable to us, timely financial statements as specified by us. You agree to comply with all reporting requirements we prescribe. In order for us to provide the most timely and useful information to the Kona Ice Franchise, it is essential that you collect certain information as soon as possible after the applicable accounting period closes. You agree to submit, based on the frequency we designate, completed relevant worksheets; payroll changes and current hours worked; bank statements; manual check stubs with invoice copies; and any other documents required to properly record all transactions affecting the Kona Ice Franchise financial activity. If you fail to submit Kona Ice Franchise-related items when required under this Section, we shall have the right to terminate the Franchise Agreement as provided in Section 15.B.

You agree to give us in the manner and format we prescribe from time to time, the following:

(1) within five days of our request, all profit and loss and source and use of funds statements and a balance sheet for the Kona Ice Franchise as of the end of the prior calendar month;

(2) by April 15th of each year a copy of the tax return for the Kona Ice Franchise for the previous calendar year; and

(3) any other data, information, and supporting records reasonably requested by us from time to time including, without limitation, daily and weekly reports of product sales by category.

Your Managing Owner must certify and sign each report and financial statement in the manner we prescribe. If we so request, the profit and loss statement and balance sheet shall be certified by certified public accountant at your expense. We may disclose or use the data derived from these reports, your year-end reports, and any other financial statements from the operation of your Kona Ice Franchise, for any purpose we deem appropriate, in our sole discretion. If we utilize your Kona Ice Franchise's financial statements for disclosure in our Franchise Disclosure Document, we may be required to disclose identifying information about your Kona Ice Franchise in such disclosure.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at the Kona Ice Franchise for at least three years including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash revenue and disbursement journals, and general ledgers.

12. INSPECTIONS AND AUDITS.

12.A OUR RIGHT TO INSPECT THE KONA ICE FRANCHISE.

To determine whether your Kona Ice Franchise is in compliance with this Franchise Agreement and all System Standards, we and our designated agents or representatives may at all times and without

prior notice to you: (1) inspect the Kona Ice Franchise, KEV and/or any Additional Equipment; (2) photograph the Kona Ice Franchise, KEV or any Additional Equipment, and observe and videotape the operation thereof for consecutive or intermittent periods we desire; (3) remove samples of any products and supplies; (4) interview the Kona Ice Franchise managers, personnel and customers; (5) inspect and copy any books, records and documents relating to the Kona Ice Franchise operation; and (6) access any electronic records related to the Kona Ice Franchise. You agree to cooperate with us fully under this Section. If we exercise any of these rights, we will not interfere unreasonably with the Kona Ice Franchise operation. If we conduct an inspection of your Kona Ice Franchise and determine you are not operating in compliance with this Franchise Agreement or the System Standards, you agree to remedy any issues, violations or other concerns of ours and you acknowledge and agree that you may be required to temporarily close your Kona Ice Business. In addition, we may require that you attend remedial training that addresses your operational deficiencies and pass our inspection before reopening at your sole cost and expense. Nothing contained herein shall prevent us from exercising any other right which we may have under this Franchise Agreement, including, without limitation, termination.

12.B OUR RIGHT TO AUDIT.

We may at any time during your business hours, and without prior notice to you, examine your and the Kona Ice Franchise business, bookkeeping and accounting records, sales and income tax records and returns, and other records. We may also conduct an audit through independent auditors, which may involve auditors conducting an examination at the location of your Kona Ice Franchise or, alternatively, your submission of such materials to auditors. We may also require you to conduct a complete self-audit of the Kona Ice Franchise, in which case you agree to audit the Kona Ice Franchise in accordance with our instructions and System Standards. You agree to cooperate fully with us, our representatives and independent accountants in any examination. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals a failure to report, you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Franchise Agreement and applicable law, including the fee for violations under Section 9.J.

13. TRANSFERS.

13.A TRANSFER BY US.

You acknowledge that we maintain a staff to manage and operate the Franchise System and that staff members can change as employees come and go. You acknowledge that you did not sign this Franchise Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or other obligations under this Franchise Agreement.

13.B TRANSFER BY YOU.

You understand and acknowledge that the rights and duties this Franchise Agreement creates are personal to you and your Owners and that we have granted you the Kona Ice Franchise in reliance upon our perceptions of your and your Owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. None of the following may be transferred without our prior written approval: (i) this Franchise Agreement (or any interest in this Franchise Agreement); (ii) the Kona

Ice Franchise (or any right to receive all or a portion of the Kona Ice Franchise's profits, losses, purchase price, or capital appreciation related to the Kona Ice Franchise); (iii) substantially all of the assets of the Kona Ice Franchise, including, without limitation, the KEV; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your Owners (if such Owners are legal entities). A transfer of the Kona Ice Franchise ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Franchise Agreement. All proposed transfers of Additional Equipment require our approval. Any transfer without our approval is a breach of this Franchise Agreement and has no effect.

In this Franchise Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in this Franchise Agreement, the Kona Ice Franchise, the Franchise or interest in the Kona Ice Franchise, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

(1) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;

(2) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(3) any sale of a security convertible to an ownership interest;

(4) transfer of an interest in you, this Franchise Agreement, the Kona Ice Franchise or substantially all of its assets, or in your Owners in a divorce, insolvency, entity dissolution proceeding, or otherwise by operation of law;

(5) if one of your Owners dies, a transfer of an interest in you or your Owner by will, declaration of or transfer in trust, or under the laws of intestate succession;

(6) foreclosure upon the Kona Ice Franchise, or your transfer, surrender, or loss possession, control, or management of the Kona Ice Franchise; or

(7) subleasing your KEV to a third party without express written consent.

You may not pledge this Franchise Agreement (to someone other than us), or an ownership interest in you or your Owners as security for any loan or other financing, unless (1) we grant our prior written consent, and (2) unless we agree otherwise in writing, the lender agrees its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

13.C CONDITIONS FOR APPROVAL OF TRANSFER.

If you are in full compliance with this Franchise Agreement, subject to the other provisions of this Section 13, we will approve a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in you or your Owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character, pass a background check, and meet our then-applicable standards for Kona Ice Franchise owners (including no ownership interest in or performance of services for a Competitive Business), you and each of your Owners execute an amendment to this Franchise Agreement acknowledging the change in ownership interests, you reimburse our attorney fees associated with approval of the transfer, and each of the new owners executes our then-current form of Owners Agreement. If the proposed transfer is of this Franchise Agreement or of a controlling ownership interest

in you or one of your Owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfers this Franchise Agreement or a controlling ownership interest in you or one of your Owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) the transferee must apply for a Kona Ice Franchise and must meet all of our standards to become a Kona Ice franchisee and have, in our sole discretion, sufficient business experience, aptitude, and financial resources to operate the Kona Ice Franchise;

(2) you have paid all Royalty and Brand Fund Contributions, and other amounts owed to us, our affiliates, and third party vendors, including any outstanding financing for the KEV, and have submitted all required reports and statements;

(3) you have not violated any provision of this Franchise Agreement or any other agreement with us during both the 60 day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(4) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(5) the transferee (or its Managing Owner, or, if applicable, Designated Manager) satisfactorily complete our training program;

(6) the transferee agrees to pay us or our affiliates a remodel fee to upgrade, remodel, and refurbish the Kona Ice Franchise, including the KEV and any Additional Equipment, in accordance with our current requirements and specifications for the Kona Ice Franchise within 45 days after the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions it must take within this time period), and to deposit with us the estimated cost to complete the upgrade or remodel;

(7) the transferee shall (if the transfer is of this Franchise Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your Owners), sign our then-current form of franchise agreement and related documents, including but not limited to our then-current form of Owners Agreement or other guaranty, any and all of the provisions of which may differ materially from any and all of those contained in this Franchise Agreement;

(8) you or the transferee pays us a transfer fee. The transfer fee to transfer the Kona Ice Franchise to a then-existing Kona Ice franchisee is $5,000 (per Franchise) and $7,500 (per Franchise) to transfer the Kona Ice Franchise to any other parties. You must pay us a $1,000 non-refundable deposit upon the request for our approval of the transfer. If this Kona Ice Franchise transfer is to your child, parent, sibling, or spouse, we will not charge a transfer fee but you will be required to reimburse us any attorney fees we incur;

(9) unless prohibited by state law, you and your transferring Owners sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents;

(10) if you or your Owners finance any part of the purchase price, you and/or your Owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Kona Ice Franchise are subordinate to the transferee's

obligation to pay Royalty and Brand Fund Contributions and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Franchise Agreement. You must acknowledge and agree that we are not a party to or liable for financing arrangements between the transferor and transferee;

(11) you and your transferring Owners (and your and their spouses and other immediate family members) will not, for two years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 16.D below;

(12) you and your transferring Owners will not directly or indirectly at any time or in any manner (except with respect to other Kona Ice Franchises you own and operate) identify yourself or themselves or any business as a current or former Kona Ice Franchise or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Kona Ice Franchise in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us;

(13) if the transferee is a lead of ours or was referred to you by us, then in addition to the transfer fee, you agree to pay us $15,000. Alternatively, if the transfer results in us incurring any broker or other placement fees, then in addition to the transfer fee, you agree to reimburse us upon receipt of our invoice; and

(14) the transferee agrees to take possession of the KEV together with all Additional Equipment under this Franchise Agreement as a condition to the transfer.

We may review all information regarding the Kona Ice Franchise you give the transferee, correct any information we believe is inaccurate, and give the transferee copies of any reports you have given us or we have made regarding the Kona Ice Franchise.

13.D TRANSFER TO AN ENTITY

You may transfer your ownership interests to a different Entity with our approval, provided that the controlling ownership interests remain the same and all owners comply with all conditions set forth in Section 13.C, except that you will not be required to pay us a transfer fee under such section. However, you must reimburse us for all of our fees and costs, including attorney fees, associated with your transfer to the new Entity. Our right of first refusal in Section 13.G shall not apply for any transfer conducted under this Section 13.D.

13.E DEATH OR DISABILITY.

(1) Transfer Upon Death or Disability. Upon the Managing Owner's death or disability, the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, devisees, or other Owners of the Entity). That transfer must be completed within a reasonable time, not to exceed 90 days from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. A failure to transfer the Managing Owner's ownership interest in you within this time period is a breach of this Franchise Agreement, and this Franchise Agreement may be terminated. The term "disability" means a mental or physical disability, impairment, or condition reasonably expected to prevent or that

actually does prevent the Managing Owner from supervising the management and operation of the Kona Ice Franchise.

(2) Operation Upon Death or Disability or Default. If, upon the Managing Owner's death or disability, a manager approved by us is not managing the Kona Ice Franchise, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must appoint a replacement manager within 15 days from the date of death or disability. The manager must complete our standard Initial Training at your expense. If applicable, a new Managing Owner acceptable to us also must be appointed for the Kona Ice Franchise within 30 days of the date of the death or disability.

13.F EFFECT OF CONSENT TO TRANSFER.

Our consent to a transfer of this Franchise Agreement and the Kona Ice Franchise, or any interest in you or your Owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Kona Ice Franchise's or transferee's prospects of success, or a waiver of any claims we have against you (or your Owners) or of our right to demand the transferee's full compliance with this Franchise Agreement.

13.G OUR RIGHT OF FIRST REFUSAL.

If you or any of your Owners at any time determine to sell or transfer an interest in this Franchise Agreement, the KEV (or KEV Express Truck), the Kona Ice Franchise, or an ownership interest in you (except to or among your current Owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Sections 13.B and 13.C above, you or your Owners agree to obtain from a responsible and fully disclosed buyer, and send to us a true and complete copy of, a bona fide executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Franchise Agreement and the Kona Ice Franchise. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 13.B and 13.C above. We may require you or your Owners to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer. Such election shall come by written notice delivered to you or your selling Owner(s) within thirty (30) days after we receive (a) an exact copy of the offer and (b) all other information we request concerning the offer and the proposed purchaser, subject to our satisfaction, provided that:

(1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and

(4) we must receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

If we do not exercise our right of first refusal, you or your Owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 13.B and 13.C, above, and you and your Owners and if the transferee comply with the conditions in Sections 13.B and 13.C above.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30 day period following either the expiration of the 60 day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

14. EXPIRATION OF THIS FRANCHISE AGREEMENT.

14.A YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Upon expiration of this Franchise Agreement, you will have the option to acquire two additional successive ten year terms ("**Successor Franchise(es)**") provided that:

(1) you and each of your Owners have fully complied with this Franchise Agreement during its term, which includes satisfying all monetary obligations owed by you to us, our affiliates, or your suppliers or creditors, whether under this Franchise Agreement or otherwise; and

(2) you and each of your Owners (if you are an Entity) are, both on the date you give us written notice of your election to acquire a Successor Franchise (as provided in Section 14.B below) and on the date on which the term of the Successor Franchise would commence, in full compliance with this Franchise Agreement; and

(3) (a) you maintain possession of the KEV and, if your KEV has not completed the required remodels or is not in compliance with current standards, pay to us or our affiliate the cost of remodeling and upgrading the KEV and any Additional Equipment, as well as adding or replacing improvements, assets, signage, and otherwise modifying the Kona Ice Franchise as we require to comply with System Standards then-applicable for new Kona Ice Franchises, or (b) at your option, you secure a substitute KEV and any Additional Equipment we approve and you develop that KEV and any Additional Equipment according to System Standards then-applicable or Kona Ice Franchises;

(4) subject to state law, you execute a general release, in a form prescribed by us, of any and all claims which you may have against us and our affiliates and our respective

shareholders, directors, employees, and agents in their corporate and individual capacities. Unless otherwise prevented by state law, we will consider your failure to sign the release and to deliver it to us for acceptance and execution within 30 days after it is delivered to you to be an election not to acquire a Successor Franchise;

(5) you execute the then-current form of franchise agreement (the "**Successor Franchise Agreement**") and all other agreements, legal instruments and documents then customarily used by us in the renewal of our franchises. The Successor Franchise Agreement and these other agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by us, including the payment of higher and/or additional fees. We have the right to refuse to renew the license granted under this Franchise Agreement if we have given you written notice three or more times for failure to comply with this Franchise Agreement, whether or not such failure is subsequently cured. When you sign the Successor Franchise Agreement, you are not obligated to pay our then-current initial franchise fee but you will owe a renewal fee of $7,500; and

(6) you will pay the highest tier of royalty payment under the new franchise agreement (meaning that you will not be able to take advantage of any step-up royalty schedules that may be offered to new franchisees).

You acknowledge and agree that if you and each of your Owners are not in full compliance with this Franchise Agreement, both on the date you give us written notice of your election to acquire a Successor Franchise and on the date on which the term of the Successor Franchise commences, we need not grant you a Successor Franchise, regardless of whether we had, or chose to exercise, the right to terminate this Franchise Agreement during its term under Section 15.B.

14.B GRANT OF A SUCCESSOR FRANCHISE.

You agree to give us written notice ("**Your Notice**") of your election to acquire a Successor Franchise no more than 12 months and no less than six months before this Franchise Agreement expires. We agree to give you written notice ("**Our Notice**"), not more than six months after we receive Your Notice, of our decision:

(1) to grant you a Successor Franchise;

(2) to grant you a Successor Franchise on the condition you correct existing deficiencies of the Kona Ice Franchise or in your operation of the Kona Ice Franchise;

(3) not to grant you a Successor Franchise based on our determination you and your Owners have not fully complied with this Franchise Agreement during its term or were not in full compliance with this Franchise Agreement and all System Standards on the date you gave us written notice of your election to acquire a Successor Franchise; or

(4) not grant you a successor because we no longer maintain a franchise program for Kona Ice Franchises.

If applicable, Our Notice will:

(1) describe the remodeling, expansion, improvements, and/or modifications required to bring the KEV and any Additional Equipment into compliance with then-applicable System Standards for new Kona Ice Franchises; and

(2) state the actions you must take to correct operating deficiencies and the time in which you must correct these deficiencies.

If we elect not to grant you a Successor Franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a Successor Franchise, your right to acquire a Successor Franchise is subject to your full compliance with all of the terms and conditions of this Franchise Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If Our Notice states that you must remodel the Kona Ice Franchise and/or must cure certain deficiencies of the Kona Ice Franchise or its operation as a condition to our granting you a Successor Franchise, we will give you written notice of our decision not to grant a Successor Franchise, based upon your failure to complete the remodeling and/or to cure those deficiencies, not less than 90 days before this Franchise Agreement expires, provided, however, that we need not give you this 90 days' notice if we decide not to grant you a Successor Franchise due to your breach of this Franchise Agreement during the 90 day period before it expires. We may extend this Franchise Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the 90 days' notice of our refusal to grant a Successor Franchise. If you fail to notify us of your election to acquire a Successor Franchise within the prescribed time period, we need not grant you a Successor Franchise.

15. TERMINATION OF FRANCHISE AGREEMENT.

15.A TERMINATION BY YOU.

If (a) you and your Owners are in full compliance with this Franchise Agreement, (b) and we materially fail to comply with this Franchise Agreement, (c) and we do not correct the failure or otherwise provide reasonable evidence of our efforts to correct such failure within sixty (60) days after you deliver written notice of the material failure to us, then you may terminate this Franchise Agreement, effective upon thirty (30) days' written notice to us.

Your termination of this Franchise Agreement other than according to this Section 15.A will be deemed a termination without cause and a breach of this Franchise Agreement.

15.B TERMINATION BY US.

We may terminate this Franchise Agreement, effective upon delivery of written notice of termination to you, if:

(1) you or any of your Owners have made or make any material misrepresentation or omission in acquiring the Kona Ice Franchise or operating the Kona Ice Franchise;

(2) you do not open the Kona Ice Franchise for business within three months after the Effective Date;

(3) your Managing Owner, or, if applicable, Designated Manager and/or other required attendees do not satisfactorily complete the initial training program and you fail to

appoint a Managing Owner or Designated Manager capable of satisfactorily completing the initial training program within thirty (30) days of such failure;

(4) you cease to operate the Kona Ice Business or otherwise abandon the Kona Ice Franchise for a period of 12 consecutive months, or any shorter period that indicates an intent by the Franchisee to discontinue operation of the Kona Ice Franchise, unless and only to the extent that full operation of the Kona Ice Franchise is suspended or terminated due to fire, flood, earthquake, terrorism, act of God, death or disability of your Managing Owner, or other similar causes beyond the Franchisee's control and not related to the availability of funds to Franchisee;

(5) you or any of your Owners make or attempt to make any transfer in violation of Section 13;

(6) you or any of your Owners are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;

(7) you fail to maintain the insurance we require or fail to name us and our affiliates as additional insureds on the required insurance and do not correct the failure within ten days after we deliver written notice of that failure to you;

(8) if you or an Owner commits an action or inaction that can reasonably be expected to adversely affect the Kona Ice Franchise reputation of the Franchise System or the goodwill associated with the Marks (for purposes of this subsection (8), any allegation of action involving harm or criminal activity involving minors may be deemed, in our sole discretion, to adversely affect the reputation of the Franchise System);

(9) you or any of your Owners knowingly make any unauthorized use or disclosure of any part of the Brand Manual or any other Confidential Information;

(10) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate the Kona Ice Franchise in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within three days after you receive notice from us or any other party;

(11) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within 48 hours after we or any applicable government agency deliver notice to you of that violation or failure;

(12) you fail to pay us or our affiliates any amounts due and do not correct the failure within ten days after we deliver written notice of that failure to you;

(13) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Kona Ice Franchise operation, unless you are in good faith contesting your liability for these taxes;

(14) you or any of your Owners (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Franchise Agreement, whether or not we notify you of the failures, and, if we notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate

occasions within any 12 consecutive month period to comply with the same obligation under this Franchise Agreement, whether or not we notify you of the failures, and, if we notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(15) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; the Kona Ice Franchise is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or the Kona Ice Franchise is not vacated within 30 days following the order's entry;

(16) you or any of your Owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your Owners otherwise violate any such law, ordinance, or regulation;

(17) you or any of your Owners fail to comply with any other provision of this Franchise Agreement or any System Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you;

(18) there is a termination of any other franchise agreement or other agreement between you or your affiliates and us or any of our affiliates;

(19) you have three or more insufficient funds or returned checks in any one calendar year;

(20) you indicate in writing your intention to consummate any of the preceding actions; or

(21) your Kona Ice Business is cited by an authority for improper operation(s) three or more times within any calendar year.

16. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS FRANCHISE AGREEMENT.

16.A PAYMENT OF AMOUNTS OWED TO US.

You agree to pay us and our affiliate(s) within 15 days after this Franchise Agreement expires or is terminated, or on any later date we determine the amounts due to us (or our affiliates), the Royalties, Brand Fund Contributions, any outstanding financing for the KEV, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

16.B DE-IDENTIFICATION.

When this Franchise Agreement expires or is terminated:

(1) you may not directly or indirectly at any time or in any manner (except with other Kona Ice franchises you own and operate) identify yourself or any business as a current or former Kona Ice franchisee or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Kona Ice Franchise in any manner or for any purpose; or use for any purpose any trade name, trade or service mark,

or other commercial symbol that indicates or suggests a connection or association with us;

(2) you agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) unless we exercise our right to purchase under Section 16.E. of this Agreement, you agree to deliver to us, at your expense, within 30 days of expiration or termination, all signs, sign faces, sign cabinets, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Kona Ice Franchise, and to fully decommission the KEV and any Additional Equipment in accordance with Section 3.E(7) of this Franchise Agreement and the System Standards. If you fail to do so in the required time period, you agree to allow us, without liability to you or third parties for trespass or any other claim, to take possession of the KEV and any Additional Equipment to remove any signs or other materials containing any Marks from the Kona Ice Franchise and to otherwise modify the KEV and any Additional Equipment so as to no longer be identifiable as related to the Kona Ice Franchise;

(4) you acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively "**Identifiers**") used in the operation of your Kona Ice Business constitute our assets, and within five (5) days of termination or expiration of this Franchise Agreement, you will take such actions necessary to cancel or assign to us or our designee, as determined in our sole discretion, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, including but not limited to any regular, classified, or other telephone directory listings associated with the Identifiers, and to authorize a transfer of the same at our direction. You also hereby agree to take all actions required to cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that we have the sole rights to, and interest in, all Identifiers used by you to promote your Kona Ice Business or that are otherwise associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact with all powers necessary to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee and such third parties may accept such direction by us pursuant to this Franchise Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer;

(5) you agree to assign the title to your KEV to us;

(6) you agree to give us, within 30 days after the expiration or termination of this Franchise Agreement, evidence satisfactory to us of your compliance with the obligations of this Section 16.B; and

(7) you must follow any reasonable procedures established by us to ensure the expiration or termination of this Franchise Agreement creates the least disruption possible to the Franchise System, including those procedures set forth in the Brand Manual.

16.C CONFIDENTIAL INFORMATION.

You agree that when this Franchise Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications we have licensed to you or that otherwise are proprietary to us or the Franchise System) in any business or otherwise and return to us all copies of the Brand Manual and any other confidential materials we have loaned you, and any customer data you may have.

16.D COVENANT NOT TO COMPETE.

Upon termination, transfer or expiration of this Franchise Agreement, you and your Owners agree that for two years beginning on (a) the effective date of the termination, transfer, or expiration, or on (b) the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, neither you nor any of your Owners (or your or their spouses) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 8 above) located at or within (i) a 20-mile radius from your Kona Ice Business; and (ii) a 20-mile radius from all other Kona Ice Businesses that are operating or under development as of the beginning of the Restricted Period.

These restrictions also apply after transfers, as provided in Section 13.C(12) above. If any person restricted by this Section refuses to comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. You and your Owners expressly acknowledge that you possess skills and general abilities and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

In the event a court of competent jurisdiction determines that the two-year post-term restricted period contained herein is too long to be enforceable, then the post-term restricted period shall be for a period of one year beginning on the effective date of termination, transfer, or expiration of this Franchise Agreement.

16.E OUR RIGHT TO PURCHASE THE FRANCHISE.

(1) Exercise of Option. Upon one or both of the following:

(a) our termination of this Franchise Agreement according to its terms and conditions;

(b) the expiration of this Franchise Agreement; or

(c) your termination of this Franchise Agreement without cause;

we have the option, exercisable by giving you written notice within 30 days after the date of termination, to purchase the assets of the Kona Ice Franchise including, without limitation, the KEV and any Additional Equipment. We have the unrestricted right to assign this option to purchase. If we purchase the Kona Ice Franchise, we are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(2) Purchase Price. The purchase price for the Kona Ice Franchise will be its fair market value, provided these items will not include any value for:

(a) the Kona Ice Franchise or any rights granted by this Franchise Agreement;

(b) goodwill attributable to our Marks, brand image, and other intellectual property; or

(c) participation in the network of Kona Ice Franchises.

We may exclude from the assets purchased any assets and supplies that are not reasonably necessary (in function or quality) to the Kona Ice Franchise operation or that we have not approved as meeting standards for Kona Ice Franchises, and the purchase price will reflect these exclusions.

(3) Appraisal. If we and you cannot agree on fair market value, fair market value will be determined by an independent appraiser selected by us. We will select the appraiser within 15 days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on fair market value before then). You and we will bear the costs of the appraiser. The appraiser must complete the appraisal within 30 days after. The purchase price will be the independent appraisal amount.

(4) Closing. We or our assignee will pay the purchase price at the closing, which will take place not later than 60 days after the purchase price is determined, although we or our assignee may decide after the purchase price is determined not to purchase the Kona Ice Franchise. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your Owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us or our assignee:

(a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;

(b) all of the Kona Ice Franchise licenses and permits which may be assigned or transferred;

(c) the title, or lease, (as applicable) to the KEV and any Additional Equipment; and

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your Owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

16.F CONTINUING OBLIGATIONS.

All of our and your and your Owners' obligations which expressly or by their nature survive this Franchise Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or expire by their nature.

17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

17.A INDEPENDENT CONTRACTORS.

You and we understand and agree that this Franchise Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Franchise Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all public records, letterhead and business forms, and in all dealings with customers, suppliers, public officials, Kona Ice Franchise personnel, and others, as the Kona Ice Franchise owner under a franchise we have granted, and to place notices of independent ownership on the KEV and any Additional Equipment and on the forms, business cards, stationery, advertising, and other materials we require from time to time. You will use your legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements and will not use the Marks on these documents. Upon our request, you and each employee will sign an employment relationship acknowledgment form within seven days stating that you alone are the employer and operate the Kona Ice Business.

17.B NO LIABILITY FOR ACTS OF OTHER PARTY.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent our respective relationship is other than Franchisor and franchise owner. You acknowledge that we have no responsibility to ensure that the Kona Ice Business is developed and operated in compliance with all applicable laws and regulations, and we will not be obligated for any damages to any person or property directly or indirectly arising out of the Kona Ice Franchise operation or the business you conduct under this Franchise Agreement.

17.C TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied upon you or the Kona Ice Franchise, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes we must pay to any state taxing authority on account of either your operation or payments you make to us.

17.D INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the Kona Ice Franchise operation, the business you conduct under this Franchise Agreement, your employment or contractual relationship with your employees or independent contractors, any loss of data (including customer information) resulting from a breach of such data caused in any part by you or your negligence, or your breach of this Franchise Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, as well as any fees, costs, or liabilities incurred by us on your behalf, including fees and costs incurred by us to recover amounts due to you on your behalf, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective, or other actions and such actions will affect your obligation to indemnify under this Section.

This indemnity will continue in full force and effect, subsequent to and notwithstanding this Franchise Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

We will indemnify you against, and reimburse you for (1) all damages for which you are held liable in any judicial or administrative proceeding arising out your use of any Mark or Patent in compliance this Franchise Agreement; and (2) the costs in defending any claim brought against Franchisee or in any proceeding in which Franchisee is named as a party arising out of Franchisee's use of any Mark or Patent in compliance with this Franchise Agreement, provided you have timely notified us of the claim or proceeding and have complied with this Franchise Agreement.

The indemnification obligations under this Section 17.D. shall expressly survive any termination, expiration or non-renewal of this Franchise Agreement.

18. ENFORCEMENT.

18.A SECURITY INTEREST.

As security for the performance of your obligations under this Franchise Agreement you grant us a security interest in all of the assets of the Kona Ice Franchise, including but not limited to the KEV and any Additional Equipment, inventory, fixtures, furniture, equipment, accounts, supplies, contracts, proceeds, and products of all those assets. You understand that we may make all required UCC filings to perfect our security interest in the assets of the Kona Ice Franchise. You agree to execute such other documents as we may reasonably request to further document, perfect, and record our security interest. If you default on any of your obligations under this Franchise Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Franchise Agreement and at law. If you are required to finance the initial purchase of any asset of your Kona Ice Business by a third-party lender (the "**Initial Lender**"), you must give us notice of the same. If the Initial Lender requires we subordinate our security interest in the assets of the Kona Ice Franchise as a condition to lending you working capital for the operation of the Kona Ice Franchise, we will agree to subordinate under terms and conditions determined by us. You are not permitted to obtain any additional loans (other than the initial loan with the Initial Lender) unless you obtain our prior written approval.

18.B SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in this Franchise Agreement, each section, paragraph, term, and provision of this Franchise Agreement is severable, and if, for any reason, any part 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, that ruling

will not impair the operation of, or otherwise affect, any other portions of this Franchise Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Franchise Agreement requires of this Franchise Agreement's termination or of our refusal to enter into a Successor Franchise Agreement, or some other action this Franchise Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Franchise Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Franchise Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Franchise Agreement, as though it were separately articulated in and made a part of this Franchise Agreement.

18.C WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Franchise Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten days' prior written notice.

We and you will not waive or impair any right, power, or option this Franchise Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Franchise Agreement before its term expires) because of any custom or practice at variance with this Franchise Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Franchise Agreement or to insist upon the other's compliance with this Franchise Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Kona Ice franchises; the existence of franchise agreements for other Kona Ice franchises which contain provisions different from those contained in this Franchise Agreement; or our acceptance of any payments due from you after any breach of this Franchise Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We may remove any legend or endorsement, which then will have no effect.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Franchise Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. No party shall be liable for any delay in the fulfillment of or failure to fulfill its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is solely due to force majeure, as described below. In the event of force majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such force majeure. As used in this

Franchise Agreement, the term "**force majeure**" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the force majeure event. The party whose performance is affected by an event of force majeure shall give prompt notice of such force majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the force majeure event. Each party must use its best efforts to mitigate the effect of the event of force majeure upon its performance of the Agreement and to fulfill its obligations under the Franchise Agreement. Upon completion of the event of force majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. However, in the event the force majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Franchise Agreement by 30 days' written notice to the party asserting such force majeure. An event of force majeure does not relieve a party from liability for an obligation which arose before the occurrence of the force majeure event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify us, whether such obligation arose before or after the force majeure event. An event of force majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Franchise Agreement during or after the force majeure event.

18.D COSTS AND ATTORNEY FEES.

You shall pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by us in successfully enforcing, issuing notices of default, or obtaining any remedy arising from the breach of, this Franchise Agreement, including for both arbitration and state and federal court actions. The existence of any claims, demands or actions which you may have against us, whether arising from this Franchise Agreement or otherwise, shall not constitute a defense to our enforcement of any representations, warranties, covenants, agreements, or obligations herein against you or your Owners. The prevailing party in any arbitration or litigation arising out of or relating to this Franchise Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorney fees, incurred by the prevailing party in successfully enforcing any provision of this Franchise Agreement.

18.E RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under this Franchise Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Franchise Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

18.F MEDIATION.

Except as otherwise provided in this Franchise Agreement, any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof shall first be subject to non-binding mediation in the city and state of our principal business address, which is currently in Florence, Kentucky. Mediation shall not defer or suspend our exercise of any termination right under Sections 15 and 16. Non-binding mediation hereunder shall be concluded within 60 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing ("**Mediation Termination Date**"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other

proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Franchise Agreement or to determine the validity or effect of any provision of this Franchise Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously, and in a cost-effective manner on mutually acceptable terms. The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought. Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

18.G BINDING ARBITRATION.

Except for claims under Section 18.K, any dispute or controversy arising out of or relating to this Franchise Agreement not settled by informal negotiations or mediation will, at the request of either party, be settled by final and binding arbitration conducted in the city and state of our principal business address, which is currently in Florence, Kentucky, in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or its successor organization (the "**AAA**") and otherwise as set forth below on an individual basis (not a class action). Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Franchise Agreement including, but not limited to any claim that all or any part of this Franchise Agreement is void or voidable.

Neither party may initiate arbitration prior to the Mediation Termination Date. Following the Mediation Termination Date, either party may initiate the arbitration proceeding by making a written demand to the other. Both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by Section 18.M, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone, or rescind the effectiveness of any termination of this Franchise Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary. Arbitration will be conducted before a single arbitrator who is familiar with legal disputes of the type at issue and who has at least 10 years' experience as a lawyer or in the franchise business. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request the AAA or successor organization to appoint a qualified arbitrator. Within 10 days after appointment of the arbitrator, the parties will meet with the arbitrator, in person or by telephone, for a preliminary conference. At the preliminary conference, the parties will establish the extent of and schedule for discovery, including the production of relevant documents, identification of witnesses, depositions, and the stipulation of uncontested facts. At this preliminary conference, the date for the hearing will be set. At the preliminary conference, the arbitrator will set forth the procedures to be followed at the hearing. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position. At least 5 days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

The arbitrator will issue a written decision within 10 days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of

this Franchise Agreement, but will not have any authority to amend or modify the terms of this Franchise Agreement or to assess punitive damages or treble damages.

The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed upon time schedule, subject to the arbitrator's approval. The fees charged by and authorized costs incurred by the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

The entire arbitration proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees, or representatives, and the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

18.H GOVERNING LAW.

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Franchise Agreement, the Kona Ice Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Kentucky, without regard to its conflict of laws rules except that the Kentucky Business Opportunity Investment Act shall not apply if your Kona Ice Franchise is located outside the State of Kentucky.

18.I CONSENT TO JURISDICTION.

Subject to Sections 18.F and 18.G above and the provisions below, we, you, and your Owners agree that all actions arising under this Franchise Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office then is located (currently Florence, Kentucky), and we and you (and each Owner) irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you and your Owners agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Kona Ice Franchise is located.

18.J WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

Except for your obligation to indemnify us for third-party claims under Section 17.D, and except for punitive damages available to either party under federal law, we, you, and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us.

18.K PROVISIONAL REMEDIES.

Nothing in this Franchise Agreement bars our right to obtain specific performance of this Franchise Agreement, injunctive relief from a court of competent jurisdiction, and/or other provisional relief including but not limited to: (i) enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel you to comply with your obligations to us and/or to protect the Marks, Patent, trade secrets, copyrighted materials, intellectual property, or Confidential Information; (ii) any claim or dispute involving or contesting the validity of any of the Marks, Patent, trade secrets, copyrighted materials, intellectual property, or Confidential Information; (iii) alleged violations of federal or state antitrust laws; (iv) the right to indemnification or the manner in which it is exercised, any claim or controversy arising out of or related to this Franchise Agreement, or the making, performance, breach, interpretation, or termination thereof, (v) relief against threatened or actual conduct that has or will cause us, the Marks, the Patent, the Confidential Information, and/or the Franchise System loss or damage; (vi) any of the restrictive covenants contained in this Franchise Agreement; or (vii) enforcement of any of the post-termination obligations under this Franchise Agreement. You agree we may obtain such specific performance or injunctive or provisional relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain such specific performance or injunctive or provisional relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief. The parties expressly agree that the venue for such litigation shall be the state or federal courts located in the city closest to our principal place of business (currently Florence, Kentucky), provided however that we may obtain such relief in any state or federal court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 18.K, and the parties waive any objections that they would otherwise have in this regard.

18.L BINDING EFFECT.

This Franchise Agreement is binding upon us and you and our and your respective executors, administrators, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Brand Manual and System Standards, this Franchise Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers; provided, however, this Franchise Agreement may be modified on renewal without your prior approval.

18.M LIMITATIONS OF CLAIMS.

Except for claims arising from your nonpayment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Franchise Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims. However, the parties agree that in order to comply with this provision, either party may commence a judicial or arbitration proceeding before a related mediation proceeding is declared completed.

18.N CONSTRUCTION.

The preambles and attachments are a part of this Franchise Agreement which, together with the System Standards contained in the Brand Manual (which may be periodically modified, as provided in

this Franchise Agreement), and the Franchise Disclosure Document, constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Franchise Agreement, the franchise relationship, or the Kona Ice Franchise. Any understandings or agreements reached, or any representations made, before this Franchise Agreement are superseded by this Franchise Agreement.

Any policies we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Franchise Agreement, and are not binding on us. Except as expressly provided in this Franchise Agreement, nothing in this Franchise Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement. Except where this Franchise Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval.

The headings of the sections and paragraphs in this Franchise Agreement are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Franchise Agreement to "**we**," "**us**," and "**our**," with respect to all of our rights and all of your obligations to us under this Franchise Agreement, include any of our affiliates with whom you deal. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term "**control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the Owners of the Kona Ice Franchise, whether as partners or joint venture, their obligations and liabilities to us 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 you (or a transferee of this Franchise Agreement and the Kona Ice Franchise or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Franchise Agreement, the Kona Ice Franchise, or the Kona Ice Franchise as well as 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 you or one of your Owners (if an Entity) means a 51% or greater ownership interest in the entity. In the case of a proposed transfer of an ownership interest in you or one of your 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.

The term "**Kona Ice Franchise**" includes, without limitation, all of the assets of the Kona Ice Franchise you operate under this Franchise Agreement, including its revenue.

This Franchise Agreement may be executed in multiple copies, each of which will be deemed an original.

Nothing in this Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

18.O COVENANT OF GOOD FAITH

If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants us the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Franchise Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

18.P SURVIVAL

We and you (and your Owners) agree that this Section 18 shall apply during the term of this Franchise Agreement and following the termination, expiration, or non-renewal of this Franchise Agreement.

19. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Franchise Agreement will be deemed to be delivered:

(1) at the time delivered by hand;

(2) one business day after transmission by facsimile, email, or other electronic system if the sender has confirmation of successful transmission;

(3) one business day after being placed in the hands of a nationally-recognized commercial courier service for next business day delivery; or

(4) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified on the signature page of this Franchise Agreement, although we may change this address for notice by giving you notice of the new address. Any written notice we send to you may be sent only to the Managing Owner, or, if applicable, the Designated Manager at the address specified on the signature page of this Franchise Agreement. You may change the person and/or address for notice only by giving us 30 days' prior written notice by any of the means specified in subparagraphs (1) through (4) above of this Section.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

20. COMPLIANCE WITH ANTI-TERRORISM LAWS.

You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement as provided in Section 15.B above.

21. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by email is efficient and desirable for day-to-day communications and that we and you may utilize email for such communications. You authorize the transmission of email by us and our employees, vendors, and affiliates ("**Official Senders**") to you, your Owners (if you are an Entity), the Managing Owner, and, if applicable, any Designated Manager during the term of this Franchise Agreement.

You further agree that: (a) Official Senders are authorized to send emails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of emails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive emails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive emails from Official Senders during the term of this Franchise Agreement.

The consent given in this Section 21 shall not apply to the provision of notices by either party under this Franchise Agreement under Section 19 using email unless the parties otherwise agree in a written document manually signed by both parties.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed and delivered this Franchise Agreement on the dates noted below.

Address for Notices Pursuant to
Section 19 of this Franchise Agreement

Our Address

5945 Centennial Circle
Florence, Kentucky 41042
Attn: President

Signatures

KONA ICE, INC.,
a Kentucky Corporation

By: _____

Printed Name: _____

Title: _____

Date: _____

Your Address

_____

_____

_____

_____

FRANCHISEE:

_____
Company Name

By: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT-ATTACHMENT A

FRANCHISE DATA SHEET

1. **Effective Date**. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is: _____, 20___.

2. **Protected Territory**. The Protected Territory set forth in Section 2A of the Franchise Agreement will be the area as shown on the map or described below:
_____
_____
_____

3. **KEV Royalty Schedule**. Your KEV Royalty Schedule will be (select one): ____ 3 annual installments or _____ 6 annual installments.

4. **Identification of Managing Owner**. Your Managing Owner as of the Effective Date is _____ _____. You may not change the Managing Owner without prior written approval.

5. **Identification of Designated Manager**. Your Designated Manager, if applicable, as of the Effective Date is _____. You may not change the Designated Manager without prior written approval.

6. **Renewal**. (Select one)

   a. ___ This Franchise Agreement is for a new Kona Ice Franchise.

   b. ___ This Franchise Agreement is a successor franchise agreement and is renewing of an existing Kona Ice Franchise. You agree to pay the renewal fee set forth in the franchise agreement being renewed and are not required to pay an Initial Franchise Fee. Your and our pre-opening obligations set forth in this Franchise Agreement are hereby modified accordingly. No Initial Training shall be required. Your Royalty fee schedule is modified to be based on the date that you signed the initial franchise agreement for your Kona Ice Franchise. You agree to enter into a renewal addendum to this Franchise Agreement and, subject to state law, you and each of your Owners agree to execute a general release of claims.

FRANCHISE AGREEMENT-ATTACHMENT B

OWNERSHIP INTERESTS

This Attachment B is current and complete as of the Effective Date shown in Attachment A of the Franchise Agreement

Franchisee: _____

Form of Ownership
(Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a **Partnershi**p, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

If you are an entity with multiple Owners, one of your Owners who is a natural person must have at least 51% ownership interest and voting power in you (including a spouse's interest).

State and Date of Formation/Incorporation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage Owned

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT-ATTACHMENT C

OWNERS AGREEMENT

As a condition to the execution by Kona Ice, Inc. ("we" or "us"), of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not to Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree 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 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Kona Ice, Inc.
5945 Centennial Circle
Florence, Kentucky 41042

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, shall be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners

Agreement. Owners further acknowledge and agree that, in the event of any non-compliance, we will be entitled to temporary, preliminary, and permanent injunctions, as well as all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change, or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Successors. References to "Franchisor," "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any

breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)
_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)
_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)
_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)

(Rev. 121319)

Kona Ice, Inc. hereby accepts the agreements of the Owner(s) hereunder.

KONA ICE, INC.

By: _____

Title: _____

FRANCHISE AGREEMENT-ATTACHMENT D

ADDITIONAL EQUIPMENT AMENDMENT TO FRANCHISE AGREEMENT

This Amendment is made and entered into as of the effective date listed in the signature block ("**Effective Date**") by and between Kona Ice, Inc., a Kentucky corporation ("**Franchisor**") and the Franchisee identified on the signature block below ("**Franchisee**"), with reference to the following facts:

A. The parties have entered into a Kona Ice franchise agreement pursuant to which Franchisee will operate a Kona Ice Franchise (the "**Franchise Agreement**").

B. Subject to the conditions of the Franchise Agreement, Franchisee has the option to purchase additional Kona Ice equipment ("**Additional Equipment**") for use in the Franchisee's Protected Territory.

C. The parties hereto desire to amend the Franchise Agreement as set forth herein. Unless defined herein all capitalized terms used herein shall have the meaning in the Franchise Agreement.

NOW, THEREFORE, for and in consideration of the covenants, warranties and mutual agreements contained herein, the parties hereto agree as follows:

1. **ADDITIONAL EQUIPMENT.** Franchisee desires to purchase the following Additional Equipment for use in the Protected Territory and shall pay the AE Royalty in listed for such equipment under the Franchise Agreement and this Amendment for so long as Franchisee owns the Additional Equipment.

Equipment	Purchase Amount	AE Royalty	AE Royalty Payment Terms
Entertainment Trailer	$42,500 plus shipping**	$1,000 annually	
Entertainment Kiosk	$32,500 plus shipping**	$750 annually	
KEV Express Truck*	$100,750 plus shipping**	$2,000 annually	
Kona Mini Truck	$24,650 - $26,860 plus shipping**	$600 annually***	

*If you are doing a KEV Express Conversion, you will be required to trade in your KEV to us and pay shipping for the KEV Express Truck.

**The Purchase Amounts set forth in the above table are subject to change. You agree to pay us the then-current Purchase Amount.

***If you are doing a KEV Express Conversion, you will be required to pay according to the KEV Royalty Schedule and not the AE Royalty listed in the chart above.

Franchisee must present evidence to Franchisor, as required by Franchisor in its sole discretion that Franchisee no longer owns the Additional Equipment prior to Franchisee being excused from paying any further AE Royalties. Franchisee shall not be entitled to receive a refund on any AE Royalty paid. Franchisee acknowledges and agrees that the AE Royalty may increase upon renewal of the Franchise Agreement and agrees to pay Franchisor the then-current Royalty amount upon any such renewal.

2. **AMENDMENT BINDING**. This Amendment will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

3. **NO FURTHER CHANGES**. Except as specifically provided in this Amendment, all of the terms, conditions and provisions of the Franchisee Agreement will remain in full force and effect as originally written and signed. In the event of any inconsistency between the Franchise Agreement and this Amendment, this Amendment shall control.

IN WITNESS WHEREOF, the parties duly executed this Amendment as of the dates listed below.

KONA ICE, INC.,
a Kentucky Corporation

By: _____

Printed Name: _____

Title: _____

*Date: _____

***Effective Date**

FRANCHISEE:

_____
Company Name

By: _____

Printed Name: _____

Title of Signing Owner: _____

Date: _____

EXHIBIT D

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Kona Ice, Inc. ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a Kona Ice franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

l.	Yes__	No__	Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?
2.	Yes__	No__	Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3.	Yes__	No__	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.	Yes__	No__	Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5.	Yes__	No__	Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6.	Yes__	No__	Have you had the opportunity to discuss the benefits and risks of developing and operating a Kona Ice Franchise with an existing Kona Ice franchisee?
7.	Yes__	No__	Do you understand the risks of developing and operating a Kona Ice Franchise?
8.	Yes__	No__	Do you understand the success or failure of your Kona Ice Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9.	Yes__	No__	Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Kentucky, if not resolved informally or by mediation (subject to state law)?
10.	Yes__	No__	Do you understand that you must satisfactorily complete the initial training program before we will allow your Kona Ice Franchise to open or consent to a transfer of the Kona Ice Franchise to you?

11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Kona Ice Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Kona Ice Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

14. Yes__ No__ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Kona Ice Franchise?

15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Date _____	Date _____

Signature of Franchise Applicant	Signature of Franchise Applicant
Name (please print)	Name (please print)
Date _____	Date _____
Signature of Franchise Applicant	Signature of Franchise Applicant
Name (please print)	Name (please print)
Date _____	Date _____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 121720

EXHIBIT E

BRAND MANUAL

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Kona Ice, Inc.

BRAND STANDARDS MANUAL

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EXHIBIT F

LIST OF CURRENT AND FORMER FRANCHISEES

KONA ICE, INC.
LIST OF FRANCHISEES

Current Franchisees as of December 31, 2020:

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Sato, Amanda	3831 Midvale Circle	Anchorage	AK	99507	(907) 202-5633	AK: 1
Butler, Kevin & Karla	1520 Simmsville Rd Suite 1200	Alabaster	AL	35007	(205) 383-6066	AL: 4
Yates, Daniel	1236 Cherokee Rd	Alexander City	AL	35010	(256) 794-8197	AL: 1
Mattox, Craig	801 Mundy Drive	Anniston	AL	36207	(256) 399-9284	AL: 2
Sularin, Patrick & Summer	609 Arad Thompson NE	Arab	AL	35016	(256) 738-8905	AL: 3
Register, Beth	2606 Weston St	Auburn	AL	36832	(334) 707-3650	AL: 2
Butts, Lynn (Jerry) & Joan (Brenda)	4989 County Highway 47	Blountsville	AL	35031	(205) 446-8737	AL: 1
Kilpatrick, Brian	506 Sherwood Ct	Florence	AL	35633	(256) 577-1777	AL: 1
O'Rear, Amber	1216 Nick Davis Rd	Harvest	AL	35749	(256) 924-8933	AL: 2
Surgenor, Angela/Pacatte, Cherri	5900 Grelot Road Unit 605	Mobile	AL	36609	(251) 583-0889	AL: 3
Taher, Taher	1752 Benson St	Prattville	AL	36066		AL: 2
McPhillips, Glenn & Tomeko	610 Selma Ave	Selma	AL	36701	(334) 518-0313	AL: 3
Stefaniak, David & Holly	20278 Capitol Hill Dr	Tanner	AL	35671	(256) 566-5298	AL: 2
Ricker, Ron	445 Manning Drive	Woodville	AL	35776	(256) 259-2000	AL: 2
Daniel, Kenny & Tina	3103 Jean Cv.	Alexander	AR	72002	501-672-6729	AR: 1
Newell, Shane	1006 NE Tiger Blvd.	Bentonville	AR	72712	(479) 601-4297	AR: 3
Griffin, Wade & White, Todd	3145 Majestic Circle	Conway	AR	72034	(501) 940-5662	AR: 2
Weaver, Richard	23 Linda Circle	Greenbrier	AR	72058	(501) 679-1582	AR: 2
Ruth, Steve & Kathleen	4113 Sage Meadows Blvd	Jonesboro	AR	72401	(870) 926-5090	AR: 1
Dixon, Jim	1 Erin Drive	Searcy	AR	72143	(479) 561-9966	AR: 2
Weaver, Phil	127 E Eden Park Rd	Searcy	AR	72143	(501) 281-3999	AR: 3
Vickers, Joslyn	523 Miller County 57	Texarkana	AR	71854	(903) 293-0123	AR: 1
Leath, Wade	1049 W 21st Ave	Apache Junction	AZ	85120	(480) 352-6413	AZ: 1
Pollock, Brooke	2092 Joann Ave	Bullhead City	AZ	86442	(928) 201-5093	AZ: 1
Rutledge, Shawn	621 E. Melrose Dr.	Casa Grande	AZ	85122	(520) 350-8001	AZ: 1
Lohner, Richard	2302 N. Arrowhead DR	Chandler	AZ	85224	(602) 321-7545	AZ: 3
Murphy, Joe	6121 South Topaz Place	Chandler	AZ	85249	(480) 717-7149	AZ: 1
Crowell, William & Christine	6872 N. 78th Ave.	Glendale	AZ	85303	(623) 247-5662	AZ: 3

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Roehrick, Geoff & Mary	18121 W. Minnezona Ave	Goodyear	AZ	85395	(816) 588-3238	AZ: 2
Miller, CJ	4242 East Odessa Dr.	San Tan Valley	AZ	85140	480.399.7652	AZ: 1
Rendelman, Michael	15418 N. 60th Street	Scottsdale	AZ	85254	(602) 419-1919	AZ: 4
Crowell, Matthew	18376 W. Marshall Ln	Surprise	AZ	85388	(623) 738-9436	AZ: 4
Johnson, Randel and Jan	9414 W Fillmore	Tolleson	AZ	85353	(623) 755-1201	AZ: 2
Reaney, Chris	2601 N Jeanette Avenue	Tucson	AZ	85749	(520) 591-5478	AZ: 2
Martinez, Brissa	14646 E. 49th Dr	Yuma	AZ	85367	(928) 232-9003	AZ: 1
Colver, Tony & Kim	11291 Camden Street	Apple Valley	CA	92308	(760) 949-5662	CA: 2
Saez, Johnny	8200 N. Laurelglen Blvd Apt 1802	Bakersfield	CA	93311	(661) 742-5662	CA: 3
Ho, Tyler (Tai) & Dinh, Kara (Thu)	26500 Agoura Rd. Suite 102-393	Calabasas	CA	91302	(818) 798-4495	CA: 2
Perez, Victor & Ana	23702 Ronan Ave	Carson	CA	90745	(310) 270-2819	CA: 1
Aalberg, Kim	11160 Union Circle	Castroville	CA	95012	831-757-7777	CA: 2
Drake, Chris & Jamie	801 Burl Ave	Clovis	CA	93611	5596960199	CA: 3
Nava, Jesse	7221 Whiskey Creek Circle	Corona	CA	92881	(951) 268-4210	CA: 8
Peters, Robert	31082 Via Consuelo	Coto de Caza	CA	92679	(775) 771-4886	CA: 1
La, Tam/Wong, Monica	9985 Whirlaway Lane	Elk Grove	CA	95624	5303025688	CA: 1
Purper, Bill	2107 Jeremy Place	Escondido	CA	92027	(760) 855-2988	CA: 4
Wakefield, Bill & Brandi	133 Rugosa Dr	Folsom	CA	95630	(916) 934-2020	CA: 2
Melzer, Ronda	15264 Grumman Ave	Fontana	CA	92336	(909) 714-8019	CA: 3
Foo, Rebeka	111 E Court Lane	Foster City	CA	94404		CA: 1
Asklof, Ray	5755 W. Everett Ave	Fresno	CA	93722	(559) 360-9672	CA: 1
Quiroz, Lisa	1616 West Morris Avenue	Fresno	CA	93711	(559) 779-2969	CA: 4
Stalnecker, Janelle	10371 Park Ave #D	Garden Grove	CA	92840	(408) 612-6659	CA: 2
O'Kieffe, Max	152 Aero Camino, Unit G	Goleta	CA	93117	(805) 452-6560	CA: 2
Gneckow, Steve & Cheryl	22650 De Soto Street	Grand Terrace	CA	92313	(951) 525-5662	CA: 2
Ford, Dale & Beth	8565 Willow Gate Court	Granite Bay	CA	95746	(916) 834-5662	CA: 3
Landis, Justin & Mindy	1630 W. Castoro Way	Hanford	CA	93230	(559) 707-0008	CA: 1
Hardy, Flavia & Mike	21121 Sailors Bay Ln.	Huntington Beach, CA	CA	92646	(714) 683-3665	CA: 2
Etter, Kimberly & James	43705 Albeck Ave	Lancaster	CA	93536	(661) 524-5055	CA: 2

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Benjamin, Simona	18931 Bear Creek Rd	Los Gatos	CA	95033	(650) 772-2400	CA: 1
Rennick, Tim & LaCheri	38462 Encanto	Murrieta	CA	92563-3212	(951) 852-5668	CA: 5
Mays, Melyssa & Kenneth	1122 3rd Ave	Napa	CA	94558	(707) 603-9082	CA: 2
Jacobson, Corey & Adela	2011 Hatch Road	Novato	CA	94947	(415) 226-7576	CA: 2
Nava, Victor	3400 Nectar Ct	Ontario	CA	91761	(951) 892-0606	CA: 4
Ferbert, Wes	1442 E Lincoln Ave #314	Orange	CA	92865	(714) 321-7310	CA: 2
Gonzales, Vickie	16311 Gustafson Ave.	Patterson	CA	95363	(209) 486-6926	CA: 3
Duarte, Raul	8329 True Ave	Pico Rivera	CA	90660	(562) 991-3807	CA: 2
Meza, Gina & Sergio	9720 Par Place	Pico Rivera	CA	90660	(323) 516-2383	CA: 1
Pudlo, Nancy	498 Iris St	Redwood City	CA	94062	(760) 845-9549	CA: 1
LIU, Lisa	1421 Summer Lane	Richmond	CA	94806	(510) 333-8132	CA: 1
Spencer, Bernadette & Joseph	838 Cobblestone Ct	Ripon	CA	95366	(209) 302-9238	CA: 2
Martin, Peggy & Chuck	3340 Baffin Drive	Riverside	CA	92503	(909) 809-9294	CA: 2
Wood, Tom & Gail	17087 Hazelwood Drive	Riverside	CA	92503	(951) 290-7428	CA: 5
Farr, Steven & Grace	8637 Marmon Way	Sacramento	CA	95828	(916) 897-6414	CA: 2
La, Jerry/Chu, Deanna	7736 Tigerwoods Dr.	Sacramento	CA	95829	(916) 508-9905	CA: 2
La, Wendi & La, Roger	8272 Lupine Field Court	Sacramento	CA	95829	(916) 668-9419	CA: 2
Muraira, Dan	1534 Via Tulipan	San Clemente	CA	92673	9495257293	CA: 3
Graves, Shelley & Jason	11004 Madrigal St.	San Diego	CA	92129	(858) 231-5100	CA: 2
Kelley, Darren	5086 College Gardens Court	San Diego	CA	92115	(858) 220-4761	CA: 3
Ornelas, Shaun	3960 W Point Loma Blvd Ste H115	San Diego	CA	92110	(619) 326-4444	CA: 1
Pearson, Katelyn/Garnero, Kurt/Gerrity, Whitney	1423 Essex St	San Diego	CA	92103	(619) 876-0824	CA: 2
Rodriguez, John	12906 Hideaway Lane	San Diego	CA	92131	(858) 275-3075	CA: 5
Huh, Young	5745 Orchard Park Drive	San Jose	CA	95123	(408) 799-6194	CA: 1
Salter, Jenni & Dave	386 Avenida Abetos	San Jose	CA	95123	(408) 621-4373	CA: 2
Navarro, Christy & Marcel	2714 N. Linwood St	Santa Ana	CA	92705	(714) 955-8886	CA: 1
Yoriko Ito	3130 Wilshire Blvd	Santa Monica	CA	90403	(646)-460-6681	CA: 3

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
McCane, Ashley	2361 Meadow Way Apt 128	Santa Rosa	CA	95404	(513) 254-8976	CA: 1
Witek, Ron	275 S. Worthington St. #98	Spring Valley	CA	91977	(619) 455-5336	CA: 1
Caetans, Kevin / Gilchrist, Tammi	554 Timberwood Ave	Thousand Oaks	CA	91360	(805) 444-2792	CA: 2
Duncan, David & Lisa	681 Saffron Drive	Tracy	CA	95377	(209) 597-8760	CA: 2
Gray, Michael	1240 Bluegrass Ln	Tracy	CA	95377	(510) 499-7774	CA: 1
Young, Janel	2886 Rhone Ct	Tulare	CA	93274	(559) 331-3541	CA: 2
Berger, Stacy & Dave	PO Box 1357	Tuolumne	CA	95379	(209) 768-0341	CA: 1
Dunn, Kevin	320 Sunbird Dr	Turlock	CA	95382	(209) 595-6797	CA: 1
Fargas, Rissa	16282 East Main St. #18E	Tustin	CA	92780	858-527-8571	CA: 1
Rojas, Teddy	1250 Callen Street	Vacaville	CA	95688	(707) 628-0328	CA: 2
Hall, Joshua & Wong, Garvin	24645 Farrow Dr.	Valencia	CA	91355	(818) 835-5662	CA: 5
Katz, Jeff	23703 Wingate Court	Valencia	CA	91354	(661) 296-5662	CA: 2
Wells, Cheri & Herzog, David	10986 Kings Road	Ventura	CA	93004	(805) 766-4566	CA: 3
Hernandez, Robert	21667 Pink Ginger Ct	Wildomar	CA	92595	(562) 322-3122	CA: 5
McConnell, Bill & Sondra	25150 E. Ottawa Drive	Aurora	CO	80016	(303) 523-9794	CO: 2
Worden, Paul	16788 E Belleview Place	Centennial	CO	80015	(303) 627-2381	CO: 1
Foster, Wendi	6627 La Plata Peak Dr.	Colorado Springs	CO	80923	(719) 344-8061	CA: 1
Hepner, Jeremy	4888 Chaparral Rd	Colorado Springs	CO	80917	719-355-6486	CO: 1
Hepner, Katrina	4888 Chaparral Rd	Colorado Springs	CO	80917	(719) 452-9998	CO: 2
Mowry, Ray & Karen	2160 Old North Gate Rd	Colorado Springs	CO	80921	(719) 464-5232	CO: 4
Neumann, Josh	1762 Pioneer Place	Eaton	CO	80615	(605) 430-4675	SD: 1
McMeekin, Adri	5941 S. Lima St	Englewood	CO	80111	(303) 551-1513	CO: 4
Rotner, Dan/Shelton, Brian	5242 Silverwood Drive	Johnstown	CO	80534	(970) 420-6995	CO: 5
Ingle, Mark	7540 Dawn Dr.	Littleton	CO	80125	(303) 641-9708	CO: 7
Geurden, Chris & Tryce	4506 Portofino Dr	Longmont	CO	80503	(720) 600-0707	CO: 3
Vogelbacher, Karl & Gabriella	251 Elkdale Drive P.O.Box 263	Tabernash	CO	80478	(970) 531-7161	CO: 1
Schnelle, Julie & Ryan	4050 w 116th Way	Westminster	CO	80031	(720) 480-8030	CO: 3
Tennal, Kevin & Amy	5594 West 118th Place	Westminster	CO	80020	(720) 484-4174	CO: 2
Burkey, Brenda	82 Mountain Rd	Manchester	CT	06040	(860) 841-7792	CT: 1
Zezima, Greg	33 Clover Hill Drive	Stamford	CT	06902	(293) 921-5000	CT: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Fox, Heather	309 Altamonte Commerce Blvd Suite 1504	Altamonte Springs	FL	32714	(407) 580-2860	FL: 3
Goines, Eddie	312 Crescent Ridge Rd	Auburndale	FL	33823	(863) 874-4404	FL: 1
Capozziello, Stacie	875 NW 13th St., #307	Boca Raton	FL	33486	(561) 251-8871	FL: 1
Cullen, Charles (Chuck)	4601 E Moody Blvd. #D2	Bunnell	FL	32110	(386) 793-5662	FL: 1
Bateman, Matt & Denise/Murray, Bruce	3126 SE 22nd Place	Cape Coral	FL	33904	(239) 225-8636	FL: 1
Palmer, Coby/Ward, Chris	2728 Lambay Court	Cape Coral	FL	33991	(239) 747-3814	FL: 1
Chevrier, Chris	13539 Loblolly Lane	Clermont	FL	34711	(352) 432-8877	FL: 1
Slagle, Michael	771 Princeton Dr	Clermont	FL	34711	(407) 232-5630	FL: 1
Helish, Michael	6233 Alden Ave	Cocoa	FL	32927	(321) 271-5393	FL: 1
Schneider, Steven	5101 NW 57th Drive	Coral Springs	FL	33067	(954) 701-5945	FL: 1
Greco, Glen	105 Dockside Place	Daytona Beach	FL	32124	(518) 618-5600	FL: 1
Hoffman, Tammy/Capell, Judy	3811 South Atlantic Ave. #402	Daytona Beach Shores	FL	32118	(386) 872-8582	FL: 3
Denigan, Isaac	601C Old Daytona Rd	DeLand	FL	32724	(386) 320-6277	FL: 2
Rowe, Steve & Mitzi	981 HWY 98 E Suite 322	Destin	FL	32541	(850) 974-7450	FL: 1
Carpenter, Rebecca	24150 Weldon Drive	Eustis	FL	32736	(407) 509-3142	FL: 2
Irish, Sandra	636 West Evanston Circle	Fort Lauderdale	FL	33312	(754) 229-5662	FL: 2
Litzenberg, Gretchen	2033 SE 10th Ave. Apt. 616	Fort Lauderdale	FL	33316	(954) 652-6296	FL: 2
Johnson, Larry	1509 Charmont Pl.	Fort Myers	FL	33919	(239) 220-9889	FL: 1
Brown, Frances & Ray	5427 Place Lake Dr	Fort Pierce	FL	34951	(772) 539-2641	FL: 2
Scott, Wayne & Tamela	118 Lottie Loop	Freeport	FL	32439	(850) 567-5057	FL: 2
Rainwater, David	4329 NW 27th Terrace	Gainesville	FL	32605	(352) 222-8311	FL: 1
Williams, Letauric & Kiarah	6709 Osage Cir	Greenacres	FL	33413	561-247-KONA (5662)	FL: 1
Williams, Letauric & Kiarah	6709 Osage Cir	Greenacres	FL	33413	561-247-KONA (5662)	FL: 1
Newton, John and Diondra	205 Blue Cypress Drive	Groveland	FL	34736	(352) 247-2019	FL: 2
Bartlett, Russell & Karen	1833 Cowen Rd.	Gulf Breeze	FL	32563	(850) 262-8100	FL: 7
Summerfeld, Breanna	220 Minniehaha Cir	Haines City	FL	33844	(863) 298-2995	FL: 1
Mack, David & Valerie	803 SE 2nd Avenue	Hallandale Beach	FL	33009	(866) 902-6387	FL: 3
Heymer, Claire	9408 Wildwood Ave	Hudson	FL	34669	(727) 804-1419	FL: 3

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Greco, Glen Jr.	8451 Gate Pkwy W Unit 532	Jacksonville	FL	32216	904-337-9942	FL: 1
Schubiger, David	6608 Groveland Dr	Jacksonville	FL	32211	(786) 863 9344	FL: 2
Beane, Thomas (Cary)	1355 Plantation Oaks Drive N.	Jacksonville Beach	FL	32250	(904) 372-3578	FL: 2
Smith, Shawn & Ellen	2615 Harris Blvd	Kissimmee	FL	34746	(407) 483-7968	FL: 1
Khamninh, Kam (Noupane)	3472 Blanchette Trail	Lake Worth	FL	33467	(561) 254-5076	FL: 2
Martin, Corey & Rebecca	8027 Ridgegreen Drive	Lakeland	FL	33809	(863) 210-1742	FL: 1
Castelow, Jeff & Robin	2135 Pocahontas Drive	Largo	FL	33774	(443) 553-3843	FL: 2
Redfern, Michelle & Dwight	722 Lund Court	Melbourne	FL	32901	(321) 210-9151	FL: 1
Melero,Tiffany	6303 SW 162 Path	Miami	FL	33193	(786) 232-1458	FL: 1
Brizendine, Eugene & Jeannie	4873 Londel Ave	North Port	FL	34287	941-999-7654	FL: 1
McKay, Deven	3315 SW 13th St Suite 204	Ocala	FL	33474	(352) 274-0521	FL: 1
Robbins, Pauline	835 SE 3rd St	Ocala	FL	34471	(352) 804-5662	FL: 2
Landers, Kevin & Dawn	150 Hercules Drive E	Orange Park	FL	32073	(904) 414-5662	FL: 2
Peek, Michael	473 Cody Drive	Orange Park	FL	32073	(904) 534-2538	FL: 2
Bunnell, Jenn	12472 Lake Underhill Rd. # 338	Orlando	FL	32828	(321) 697-9077	FL: 1
Krienke, Makaio & Robertson, Zach	4981 Waterside Pointe Circle	Orlando	FL	32829	(407) 962-7445	FL: 1
Richardson, Rudolph (Rich)	4477 Edgewater Dr	Orlando	FL	32804	(407) 455-3562	FL: 1
Barton, Guy	5520 Greenleaf Dr	Pace	FL	32571	(850) 637-5662	FL: 2
Young, Russell & Shannon	411 Dillard Drive SE	Palm Bay	FL	32909	(321) 831-0094	FL: 1
Nelson, David & Teresa	1006 SW 34th Terrace	Palm City	FL	34990	(772) 320-9855	FL: 2
Edwards, Stephanie & Chris	11436 Summit Rock Court	Parrish	FL	34219	(941) 465-0802	FL: 3
Martinez, Robyn & Robert/Pascual-Fernandez, Ana	7415 SW 99 Street	Pinecrest	FL	33156	(786) 393-4080	FL: 3
Martin, Beverly	2061 NW 118th Ave	Plantation	FL	33323	(954) 842-5662	FL: 2
Hardman, Richard	79 Freedom Landing Drive	Ponte Vedra	FL	32081	(732) 966-7716	FL: 1
Evans, Walter and Rita	9624 SW Royal Poinciana Drive	Port St. Lucie	FL	34987	(407) 376-0776	FL: 1
Eaton, Larry & Jackie	12611 Early Run Lane	Riverview	FL	33578	(813) 892-3091	FL: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Kerr, Diana	13118 Early Run Lane	Riverview	FL	33578	(727) 272-2734	FL: 1
Saxe, Charles & Cheryl and Perrine, Sandra	Coastal Catering 9409 Hwy 301	Riverview	FL	33578	(813) 505-1805	FL: 1
Cooper, Dale	3936 Dockers Drive	Ruskin	FL	33570	(941) 799-1447	FL: 4
Hlavaty, Ken, Angela & Mak	502 3rd Ave SE	Ruskin	FL	33570	(813) 495-1947	FL: 2
Hoffman, Pam & Bob	1201 Cedar St Suite D	Safety Harbor	FL	34695	(727) 386-4764	FL: 4
Hartmann, Jodi	3944 Canoe Creek Road	Saint Cloud	FL	34772	(407) 414-7296	FL: 2
Boyers, Dave & Elizabeth	6301 Porter Rd Suite 2	Sarasota	FL	34240	(941) 685-2881	FL: 3
Parker, Charles	9905 121st Ct	Seminole	FL	33772	(727) 900-5662	FL: 2
Taylor, Marcus	806 Hemlock Street	St. Cloud	FL	34769	(407) 837-6474	FL: 1
Kolar, Meghan & Jon	574 SW Glen Crest Way	Stuart	FL	34997	(561) 345-1203	FL: 2
Polston, Derick / Huesman, Jacob	4843 Old Bainbridge Rd	Tallahassee	FL	32303	(850) 559-1482	FL: 2
Fulcher, Dave	1176 Riveredge Dr	Tarpon Springs	FL	34689	(727) 421-8183	FL: 1
Leto, Seth	1869 Whispering Way	Tarpon Springs	FL	34689	(941) 900-4877	FL: 1
Willard, Andrew & Flipse, Carol	3930 Byron Ave.	Titusville	FL	32780	(863) 381-9449	FL: 2
Burnett, Matt & Katie	1144 Baycrest Dr.	Wesley Chapel	FL	33544	(813) 812-5662	FL: 2
Edwards, Paul	12557 Cragside Lane	Windermere	FL	34786	(407) 668-5353	FL: 1
Shivdat, Ravi & Preya	1218 Selbydon Way	Winter Garden	FL	34787	(407) 620-9721	FL: 2
Morefield, Gary and Debbie	622 Morgan St	Albany	GA	31705	(229) 854-3037	GA: 2
Dozier, Dean & Denise	5031 Travertine Dr	Appling	GA	30802	(706) 466-1559	GA: 4
Jackson, Quanesha	1204 Old Hammond Chase	Atlanta	GA	30350	(404) 666-3050	GA: 1
Staudenmaier, Marni & Jason	1129 Ivey Brook Drive	Bethlehem	GA	30620	(706) 961-9492	GA: 1
Pedersen, Andrew & Jennifer	104 Watermelon Drive	Brunswick	GA	31525	(912) 248-1323	GA: 1
Jeschke, Jo & Gary	132 Equest Drive	Canton	GA	30115	(770) 316-0072	GA: 5
Mahar, Mike	106 Seattle Slew	Canton	GA	30115	(678) 723-5662	GA: 10
Kinney, Marc & Marilyn	185 Cline Smith Road	Cartersville	GA	30121	(404) 271-5887	GA: 5
Moore, Wes	P.O. Box 200664	Cartersville	GA	30120	770-547-0325	GA: 1
Harrison, Rick	206 Cherry Street	Commerce	GA	30529	(706) 614-1461	GA: 1
Powell, Lee & Shannon	20141 US Highway 319 N	Coolidge	GA	31738	229-289-7299	GA: 2
Miller, Tom	6440 Westchester Place	Cumming	GA	30040	(404) 664-1766	GA: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Mullison, Glenn	2837 Captain Ct.	Dacula	GA	30019	(678) 662-8213	GA: 2
Rehberg, Julie	2111 Lakeway Drive	Dacula	GA	30018	(770) 342-9397	GA: 1
Schrader, Kathy & Richard	2893 Thurleston Lane	Duluth	GA	30097	(678) 480-1213	GA: 7
Umbelina, Chris & Kelly	121 Saddleclub Way	Guyton	GA	31312	(912) 508-8883	GA: 1
Lomax, Cole	276 Harbour Shores	Jackson	GA	30233	(770) 375-9698	GA: 4
Johnson, Philip	824 Langley Path	Johns Creek	GA	30024	(470) 651-3898	GA: 1
Neely, Calvin	80 Wood Valley	LaGrange	GA	30240	(706) 957-0870	GA: 2
Roberts, Samona	591 Thorton Rd	Lithia Springs	GA	30122	(678) 733-3447	GA: 1
Page, Dion	6971 Main Street	Lithonia	GA	30058	(770) 310-5344	GA: 1
Saunders, Titus	2221 Rambling Way	Lithonia	GA	30058	(770) 885-6500	GA: 1
Riser, Daryl & Lisa	1331 Sandy Creek Rd	Madison	GA	30650	(770) 851-2812	GA: 3
Garland, Cindy & Steve	57 Parkview Drive	Ringgold	GA	30736	(423) 605-3574	GA: 1
Hall, Ronnie & Katrina	15 Birchwood Ct	Savannah	GA	31419	(912) 844-0832	GA: 1
Hodge, Jamie & Jennifer	32 Diana Drive	Savannah	GA	31406	(912) 346-3572	GA: 3
Roberts, Mark	1164 Bethel Church Rd.	Silver Creek	GA	30173	(706) 512-2866	GA: 3
Tucker, Ryan/Parson, Garrett	374 Lynhurst Rd	Smyrna	GA	30082	(678) 761-5471	GA: 2
Shoats, Jon & Stacey	1720 Timberline Trace	Snellville	GA	30078	(678) 223-3184	GA: 3
Wilde, Chris	4905 Kettle River Point	Suwanee	GA	30024	(404) 229-0108	GA: 2
Hassenstab, Russell & Brenda	604 Parker Mathis Drive	Valdosta	GA	31601	(229) 300-6605	GA: 3
Kleiber, Paul & Morgan	822 Coosawilla Way	Winder	GA	30680	(770) 668-4217	GA: 3
Miramonti, Rich & Terri	1176 Arborhill Drive	Woodstock	GA	30189	(770) 272-2380	GA: 4
Thorpe, Paul	238 Nomilo Place	Honolulu	HI	96825	(808) 679-5820	HI: 1
Marumoto, Adam	91-1022B Kaiau Avenue	Kapolei	HI	96707	(808) 551-9046	HI: 2
Mikuni, Wallace	91-816 Oaniani Street	Kapolei	HI	96707	(808) 282-3404	HI: 1
Fuller, Paul & Haley	15945 106th Street	Davenport	IA	52804	(563) 650-1689	IA: 1
Betts, Lauren & Chris	215 Prairie View Dr	Gilbert	IA	50105	(515) 257-6531	IA: 2
Booms, Jon & Rachel	6450 White Gate Court	Marion	IA	52302	(319) 440-4850	IA: 3
Vugteveen, Kevin & Heather	20675 Nautica Dr	Spirit Lake	IA	51360	(712) 320-5662	IA: 1
Baker, Tyler	2850 Tunnel Mill RD	Webster City	IA	50595	(515) 835-3080	IA: 2
Wilmes, Chris & Leslie	467 E. Andes Dr	Kuna	ID	83634	(208) 680-1816	ID: 3
Heberer, Jim	2917 S. Schilling Loop	Post Falls	ID	83854	(509) 863-7280	ID: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Starr, Robert & Amy	2205 Nisqually St.	Twin Falls	ID	83301	(208) 734-7827	ID: 2
Grossman, Mark	8 W. College Dr, Suite F	Arlington Heights	IL	60004	(847) 752-4410	IL: 2
McNeff, Thomas & Koselke, Jessica	4N661 Hawthorne Ave.	Bensenville	IL	60106	(224) 242-2410	IL: 2
Anti, Steven & Stacey	5717 N. Northcott Ave	Chicago	IL	60631	(312) 285-7245	Il: 1
Durdel, Robin & Jamie	110 Woodlands Pointe	East Peoria	IL	61611	(309) 402-9355	IL: 3
Ravagnie, Sherry & Scott	11802 Harvest Ct.	Huntley	IL	60142	(224) 209-6022	IL: 3
Schmitt, Joe & Stephanie	1108 Natalyns Trace	Lebanon	IL	62254	(618) 578-0747	IL: 1
Nguyen, Mark & Linda/Nguyen, Mike & Lizbeth	5934 Oak Ridge Way	Lisle	IL	60532	(630) 392-3906	IL: 2
Schmidt, Brad & Kristin	26658 Lindengate Circle	Plainfield	IL	60585	(630) 777-1649	IL: 2
Hanner, Wes/Hanner, Chuck	801 W. Church St.	Savoy	IL	61874	(217) 974-5662	IL: 2
Smith, Kimberly	915 S. Florence	Taylorsville	IL	62568	(217) 823-1844	IL: 1
Taylor, Derek	1911 Bell Rd.	Chandler	IN	47610	(812) 695-6620	IN: 3
Burtraw, Trevor	1511 Cliftwood Dr	Clarksville	IN	47129	(859) 240-3072	IN: 2
Hickey, Shawn	11581 Ludlow Dr.	Fishers	IN	46037	(574) 532-5736	IN: 7
Heilshorn, Billy & Amy	8134 N. Clinton St.	Fort Wayne	IN	46825	(260) 440-6444	IN: 3
Cole, Roger & Dawn	550 N Union Place	Gary	IN	46403	(219) 716-0063	IN: 3
Swartzendruber, Troy	2301 Redspire Blvd.	Goshen	IN	46526	(574) 400-5455	IN: 2
Greene, Steve & Noblitt, Levi	30555 Raintree Dr.	Granger	IN	46530	(574) 596-4569	IN: 1
Farah, Jeanne	9694 Decatur Drive	Indianapolis	IN	46256	(317) 987-5662	IN: 3
Popov, Tony	7643 Dean Road	Indianapolis	IN	46240	(317) 975-0290	IN: 2
Valiant, Tim	226 N Wilmington Ln	Lafayette	IN	47905	(765) 543-5222	IN: 5
Roark, Michael & Kimberly	2205 North Borcherding Road	Madison	IN	47250	(812) 599-0939	IN: 1
Stohler, Warren & Deborah	4610 Hacker Creek Rd	Martinsville	IN	46151	(317) 363-7810	IN: 2
Pocock, Andrew & Valerie	5780 S. Old US Highway 27	Pleasant Lake	IN	46779	(260) 316-5611	IN: 1
Douglas, Matt	130 Aspen Lane	Lawrence	KS	66049	(785) 249-7070	KS: 3
Gerber, Shon & Trish	927 N Trail Drive	Mulvane	KS	67110	(316) 308-0435	KS: 2
Wright, Eric & Cathy	5109 W. 161 Street	Overland Park	KS	66085	(913) 709-3370	KS: 6
Porter, Kristi & Robert	22621 W 49th St	Shawnee	KS	66226	(913) 231-7647	KS: 2

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Young, Matt & Carmond	13629 W Ponderosa Court	Wichita	KS	67235	(316) 644-3933	KS: 3
Dunning, Sam & Holly	197 Shady Brook Ln	Benton	KY	42025	(270) 559-3749	KY: 1
Clemmons, Kyle & Angela	2663 Laurelstone Lane	Bowling Green	KY	42104	(270) 846-5662	KY: 2
Teodozow, John & Teodozow, Ed	361 New Hope Rd	Calvert City	KY	42029	(270) 205-6609	DE: 1
Fultz, Matt/Gilmore, Kyle	614 Windsor Lane	Flatwoods	KY	41139	(606) 923-0582	KY: 3
Grinstead, Ryan	2028 Mapletree Ln	Independence	KY	41051	(513) 720-3930	KY: 2
Steffen, Jeff	138 Production Ct.	Louisville	KY	40299	(859) 803-1300	KY: 2
Satchwill, Lori	2926 Hempfling Road	Morning View	KY	41063	859-462-1481	KY: 1
Harbin, Ben	333 Washington Commons Dr	Mount Washington	KY	40047	(270) 304-7440	KY: 2
Lamb, Scott & Lisa	410 Jake St	Richmond	KY	40475	(859) 333-3100	KY: 7
Bolin, Josh	11692 Agarwood Drive	Walton	KY	41094	(859) 803-5913	KY: 4
Brooks, Caressa	1424 Hwy 2035	Whitesburg	KY	41858	(606) 634-6528	KY: 1
Gaudet, Wally	885 Iris Street	Baton Rouge	LA	70802	(225) 400-4743	LA: 2
Dickson, Sharon & Scott	267 Jim Finley Road	Calhoun	LA	71225	(318) 372-4500	LA: 2
Boss, Hall & Courtney	103 Tara Oak Dr	Carencro	LA	70520	(337) 303-6309	LA: 1
Fuselier, Lisa & Todd	1038 Belle Terre Dr.	Eunice	LA	70535	(337) 603-9005	LA: 2
Juncker, Roy	609 Fairfield Avenue	Gretna	LA	70056	(504) 421-8914	LA: 3
Mauk, Jim & Kerry	3251 Wall Blvd Apt 302	Gretna	LA	70056	(504) 912-0274	LA: 3
Guidry, Dwayne	117 Wills Drive	Lafayette	LA	70506	(337) 344-9415	LA: 2
Guidry, Garrett	129 Biscayne Ln	Lafayette	LA	70508	(337) 658-8118	LA: 1
Easter, Ed & Dana	3013 Donahue Ferry Rd	Pineville	LA	71360	(318) 787-2457	LA: 1
Shoemaker, Pam	153 Andy Allen Rd	Rayville	LA	71269	(318) 557-9564	LA: 5
Robinson, Michelle T.	302 Royal Drive	Slidell	LA	70460	985-778-0166	LA: 1
Gasper, Donald & Sharon	469 Hall rd	Stonewall	LA	71078	(318) 655-4883	LA: 1
Nicholson, Todd	2008 Diane Drive	Sulphur	LA	70663	337-214-5001	LA: 2
Authement, Craig & Karen	1010 Rosedown Drive	Thibodaux	LA	70301	(985) 696-8454	LA: 2
Harnish, Ed & Melissa	7 Brooke Road	Boylston	MA	01505	(774) 253-0321	MA: 1
Tremblay, Guy & Heidi	10 Wild Oak Rise	Framingham	MA	01701	(508) 808-4404	MA: 1
Lavoie, Paris	711 Rocky Hill Rd.	Plymouth	MA	02360	(774) 404-0468	MA: 5
Souza, Dave & Cheryl	555 County St.	Seekonk	MA	02771	(401) 450-9483	MA: 2

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Porzio, Tom	59 Heather Row	Tewksbury	MA	01876	(978) 888-7952	MA: 1
O'Kieffe, Chris	819 Riverside Dr	Arnold	MD	21012	(410) 798-5909	MD: 4
Minieri, Anthony	326 Williams Street, Unit 204	Berlin	MD	21811	(443) 944-1866	MD: 2
Jacobs, Chuck	23327 White Elm Ct.	California	MD	20619	(240) 309-9906	MD: 1
Delaney, Don & Carrie	15057 Potomac River Dr. Box 285	Cobb Island	MD	20625	(301) 934-5662	MD: 1
Shuman, Steve	6608 Gleaming Sand Chase	Columbia	MD	21044	(443) 878-6109	MD: 2
Royer, Matt	5840 Mineral Hill Road	Eldersburg	MD	21784	(240) 216-5799	MD: 2
Chatham, Andy	2656 Barksdale Rd	Elkton	MD	21921	(302) 605-0078	DE: 1
Perdomo, Josefina	6036 Maple Hill Road	Ellicott City	MD	21043	240-508-1552	MD: 5
Sunderland, Rob	1646 Glenwood Ct	Finksburg	MD	21048	(410) 596-2963	MD: 2
Troutman, Tim	2 Dodworth Ct, Apt 204	Lutherville-Timonium	MD	21093	(443) 613-9010	MD: 1
Garoutte, Deidre	48 Falls Road	North East	MD	21901	(410) 920-9056	MD: 3 DE: 1
Stewart, Wheeler/Orr, Jeff	2679 Broadford Rd.	Oakland	MD	21550	(301) 616-6828	MD: 1
Weiner, Sheldon & Sharon	4624 Winding Stone Circle	Olney	MD	20832	(240) 444-7992	MD: 3
Elmore, Claude & Joni	3326 East Joppa Rd	Parksville	MD	21234	(443) 652-2600	MD: 3
Shepard, Sandy	2561 Ross Road	Silver Spring	MD	20910	(202) 345-5072	MD: 1
Leftridge, Terry & Rose	4516 Oak Ridge Drive	Street	MD	21154-1046	(410) 371-1331	MD: 4
Bennett, George & Laurie	794 Pushaw Station Rd	Sunderland	MD	20689-3059	(410) 814-8526	MD: 2
Amin, Raj	426 North Church Street	Thurmont	MD	21788	(301) 238-4747	MD: 2
Berryhill, Jeff	47561 Glengarry Blvd.	Canton	MI	48188	(734) 658-9534	MI: 2
Price, Jon	19823 Rosin Dr	Clinton Township	MI	48038	5863298303	MI: 2
Smith, LaTanya	31843 Kingswood Square	Farmington Hills	MI	48334	(248) 971-3926	MI: 1
Moffett, Ben	2181 Lilac Ln.	Fenton	MI	48430	(810) 373-5662	MI: 2
Patel, Bimal; Bell, Michael; Sureja, Mehul; Patel, Piyush	6126 Quartz Lane	Grand Blanc	MI	48439	(810) 410-8461	MI: 1
Parker, Damion	1220 Aberdeen St NE	Grand Rapids	MI	49505	(616) 888-9412	MI: 1
Breier, Jon & Mary	6306 Beechfield Dr.	Lansing	MI	48911	(517) 203-9371	MI: 2
Farr, Clifford	1906 Cooper Ave.	Lansing	MI	48910	(517) 881-6802	MI: 1
Quarles, Nicole	14440 Ramblewood	Livonia	MI	48154	(734) 846-3455	MI: 1
Martin, Don & Kim	706 FERO AVE NE	LOWELL	MI	49331	(616) 780-2828	MI: 1
Walker, Skyler	5856 Birchcrest Drive	Saginaw	MI	48638	(989) 297-1142	MI: 1
Dunn, Stephanie	2992 Budd Rd	Stockbridge	MI	49285	(517) 626-4116	MI: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Thiesen, Ryan & Natalie	10035 Ponds Way	Elko New Market	MN	55020	(651) 600-2882	MN: 1
Carver, Todd	122 Allen Lane	Faribault	MN	55021	(507) 330-4514	MN: 2
Devere, Libby	1101 SW 8th Street	Grand Rapids	MN	55744	(952) 405-0973	MN: 3
Kingree, Richie & Kristi	1416 Appleton Ct	Arnold	MO	63010	(844) 423-5662	MO: 4
Cook, Chris	2400 Corona Road	Columbia	MO	65203	(573) 819-5432	MO: 4
Williams, Steven & Casey	15054 County Rd 612	Dexter	MO	63841	(573) 614-2165	MO: 1
Coleman, Stacie & Jason	2788 Diana Drive	Jackson	MO	63755	(573) 450-9998	MO: 2
Valdivia, Michael	11201 Belleview Avenue	Kansas City	MO	64114	(816) 523-4086	MO: 2
Murphree, Dale	19805 NE 129th Street	Kearney	MO	64060	(816) 476-2955	MO: 2
Compton, David	P.O. Box 34	Purdy	MO	65734	(417) 554-5662	MO: 1
Joggerst, Mary	18413 River Aux Vases Church Rd	Sainte Genevieve	MO	63670	(573) 535-0915	MO: 2
Porter, Noel & Autumn	2802 Katy Trail Ave	Sedalia	MO	65301	(660) 620-4489	MO: 1
Frazier, David	4365 St. Louis Rock Road	Villa Ridge	MO	63089	(314) 591-5500	MO: 4
Levens, Ty & Johnette	1261 Heather Lane	Webb City	MO	64870	(417) 434-1449	MO: 2
Daleo, Robert	1402 Devonshire County Drive	Wentzville	MO	63385	(314) 973-3367	MO: 5
Hebert, Jesse	426 Herchel Gallop Rd	Caledonia	MS	39740	(662) 505-5662	MS: 1
Kuzmenkov, Alex	710 Prominence Dr.	Flowood	MS	39232	(601) 906-0385	MS: 3
Dearman, Renae & Rahimi, Sabrina	1072 Richburg Road	Hattiesburg	MS	39402	(601) 909-5423	MS: 5
Jones, Brandon	PO BOX 671	Meridian	MS	39302	(601) 917-5662	MS: 1
Starker, Alex & Ann	3833 Spring Lakes Blvd	Olive Branch	MS	38654	(662) 420-6909	MS: 5
Kimball, Chris	309 North Jackson Street	Poplarville	MS	39470	(601) 337-1069	MS: 1
Kimball, Chris	309 North Jackson Street	Poplarville	MS	39470	(601) 337-1069	MS: 1
Roach, Andy & Leigh	2104 Bull Run Dr.	Apex	NC	27539	(919) 448-1192	NC: 2
Law, Alina	12 Sourwood Lane	Asheville	NC	28805	(828) 772-4413	NC: 2
Glasgow, Chris	8616 Ellington Park Drive	Charlotte	NC	28277	(704) 770-1731	NC: 2
McDonald, Allison	6646 Kingbird Ct.	Charlotte	NC	28215	(704) 491-4495	NC: 1
Nelson, Reginald	5415 Eneida Sue Drive	Charlotte	NC	28214	(980) 312-0865	NC: 2
Petty, Creg	4140 Stacy Blvd	Charlotte	NC	28209	(704) 999-3421	NC: 4
Allen, Michelle & Eddie	188 Linwood Ln	Clayton	NC	27527	(919) 264-2391	NC: 2
Cotta, Catherine	112 Arthur Drive	Clayton	NC	27520	(919) 909-1951	NC: 1
KING/WHITT, Brian and Jessica	420 Carroll Rd	Denton	NC	27239	(336) 953-7672	NC: 1
Pounds, Jim	671 Godley Rd	Grimes Land	NC	27837	(252) 320-5662	NC: 2

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Cribb, Stephen & Pamela	603 Springhill Church Rd.	Hamlet	NC	28345	(910) 280-8825	NC: 3
Sample, Gary & Pam	1012 NC Hwy 210W	Hampstead	NC	28443	(910) 443-5108	NC: 2
Marino, Pam & Steve	1351C South Park Dr.	Kernersville	NC	27284	(336) 653-5310	NC: 4
Blue, Phillip & Sherita	8001 Scotch Meadows Dr	Laurinburg	NC	28352	(843) 862-2211	NC: 3
Schaner, Debbie	5021 Harvestview Drive, Lot 24	Mebane	NC	27302	(919) 448-5535	NC: 4
Roberts, Scott	502 Cedar Wood Drive	Monroe	NC	28112	(704) 225-3922	NC: 3
Engelhard, David & Leslie	215 Rochelle Drive	Morehead City	NC	28557	(252) 515-6108	NC: 3
Ball, Ryan	4655 Dorsey Rd	Oxford	NC	27565	(252) 425-3076	NC: 1
Paccadolmi, Mike & Shana	6010 Spring Forest Ct.	Pleasant Garden	NC	27313	(336) 912-1002	NC: 4
Syler, Barbara	216 Holly Springs Ct	Southern Pines	NC	28374	(803) 727-9219	NC: 1
Dawson, John & Mitzi	7501 Weitzel Dr	Summerfield	NC	27358	(321) 863-0068	NC: 2
Wittek, DJ	7041 Stirrup Ct.	Weddington	NC	28104	(704) 560-4039	NC: 1
Cummings, Jim & Amy	5716 Farragon Hill Ln	Wendell	NC	27591	(916) 259-9987	NC: 1
Veverka, Richie & Carina	1320 Lake Wendell Rd.	Wendell	NC	27591	(919) 896-4410	NC: 4
Rewczuk, Lori	18101 S. 228th St	Gretna	NE	68028	(402)-238-6169	NE: 8
Ivey, Doug & Beth	1530 W Silverado Dr.	Lincoln	NE	68521	(402) 326-2479	NE: 2
Yale, Brett and Trina	11509 South 109th St.	Papillion	NE	68046	(402) 983-0059	NE: 1
Strong, Cheryl	17 Strongs Landing	Greenland	NH	03840	(603) 431-7378	NH: 1
Daigle, Holly	40 Sycamore Street	Pelham	NH	03076	(978) 457-3221	NH: 1
DiBona, Christina & Bill	12 Arlene Dr	Pelham	NH	03076	(603) 765-8378	NH: 3
Sweeney, Jim & Sharon	516 Route 12A	Surry	NH	03431	(603) 903-1300	NH: 3
Peak, Richard	16 19th Street	Burlington	NJ	8016	(609) 354-2225	NJ: 1
Nasab, Sam & Jessalyn	113 Alexander Way	Edgewater	NJ	07020	(201) 693-7722	NJ: 2
Purdy, Ed & Sara	606 Grove Street	Haddonfield	NJ	08033	(609) 707-7476	NJ: 1
LaStella, Anthony & Lissa	38 Matthew Drive	Hamilton Square	NJ	08690	(609) 638-7337	NJ: 3
Walter, Kim	7 Brookside Dr	Howell	NJ	07731	(732) 644-3889	NJ: 1
Patel, Rupesh & Marleny	12 Leah Way	Parsippany	NJ	07054	(973) 240-7831	NJ: 3
Obiedzinski, Tom & Karen	91 Sky Manor Road	Pittstown	NJ	8867	(908) 267-5662	NJ: 2
Good, Steven	59 Musiker Ave	Randolph	NJ	07869	973-370-2820	NJ: 1
Cassidy, John	10 Miramar Ct	Toms River	NJ	08757	(732) 928-0604	NJ: 2

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Woodward, Russell	1087 Pine Ave.	Union	NJ	7083	(908) 425-0320	NJ: 1
Sudano, Tony	6 Whitlow Dr	Westampton	NJ	08060	(609) 702-0922	NJ: 2
Martz, William	15 Buckeye Road	Woolwich Twp	NJ	08085	(609) 752-2056	NJ: 1
Montoya, Alfred	513 South 12th Street	Belen	NM	87002	(505) 850-0325	NM: 1
Stevenson, David	34 Mulberry Loop	Cedar Crest	NM	87008	(505) 710-8327	NM: 3
Ruybalid, Greg	5707 Carl Street	Farmington	NM	87402	(505) 215-2853	NM: 1
Placencio, Keith	1920 Martha Drive	Las Cruces	NM	88001	(575) 993-4543	NM: 4
Lefebvre, Denis & Shanna & Jean-Paul	6526 Arc Dome Dr.	Carson City	NV	89701	7753924840	NV: 1
Vitz, Stacy	235 Opera House St	Hendersen	NV	89012		NV: 1
Vitz, Trent	235 Opera House St	Henderson	NV	89012	(702) 510-8800	NV: 2
Fonte, Diona & Friel, Nick	7100 Pirates Cove Rd. #2069	Las Vegas	NV	89145	(702) 423-3327	NV: 2
Karr, Jim & Kathy	88 Sahalee Dr	Las Vegas	NV	89148	(702) 429-3171	NV: 1
Pergi, Barbara	7208 Unicorn Street	Las Vegas	NV	89131	(702) 858-1177	NV: 3
Ramirez, Vicente	464 Vigo Port Street	Las Vegas	NV	89138	(702) 624-5968	NV: 2
Wallace, John	1397 Blazing Sand St	Las Vegas	NV	89110	(702) 803-4883	NV: 2
Gonzalez, Joe & Nancy			NY		(518) 384-4197	NY: 1
Malandro, John & Puglin, Julie	42 Sherman Ave	Bethpage	NY	11714	(516) 342-5757	NY: 3
Beymolla, Shaun	26 Bittersweet Avenue	Hampton Bays	NY	11946	(516) 404-5050	NY: 3
Nitti, Scott & Nicole	90 Ridgeway Estates	Rochester	NY	14626	(585) 474-9282	NY: 3
Rondinelli, Andy	99 Willowgrove South	Tonawanda	NY	14150	(716) 583-2627	NY: 1
Persichetti, Rick/Coultas, Randy	1518 Creekside Road	Amelia	OH	45102	(513) 201-7589	OH: 3
Tannish, Karen & Acierno, Diane	1813 Lyndon Ave	Ashtabula	OH	44004		OH: 1
Hayes, Rich	756 West Union Street	Athens	OH	45701	(740) 591-3573	OH: 1
Barta, Steve	6569 Thorntree Drive	Brecksville	OH	44141	(216) 532-3386	OH: 2
Lockwood, Brian & Mollie	4955 Neura Pkwy	Brunswick Hills	OH	44212	(330) 362-8901	OH: 1
Oswald, Tim & Renee	3441 Starwick Drive	Canfield	OH	44406	(330) 233-0198	OH: 3
Cullen, Patrick	8312 Portland Rd	Castalia	OH	44824	(419) 359-1511	OH: 1
Lowman, Jim	211 Homestead Lane	Delaware	OH	43015	(614) 849-8789	OH: 2
Humm, Scott & Melissa	2119 Stonecliff Drive	Findlay	OH	45840	(567) 525-0508	OH: 3
Crites, Scott	651 Brumfield Road	Lancaster	OH	43130	(740) 412-3933	OH: 6

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Sullender, Dottie & Housemeyer, Gary	9206 E Kemper Rd	Loveland	OH	45140	(937) 661-0800	OH: 1
Andrews, Ted	8717 Woolstone Court	Maineville	OH	45039	(513) 600-0408	OH: 3
Murphy, TJ & Heather	2471 Orchid St. NW	North Canton	OH	44720	(330) 398-0120	OH: 2
Ray, Derek	331 Harmon St. SW	North Canton	OH	44720	(330) 284-9605	OH: 1
Matthews, Ron & Sara	11964 Beckenham Rd.	North Royalton	OH	44133	(440) 539-3347	OH: 1
Eaton, Brad & Molly	440 Telford Ave	Oakwood	OH	45419	(937) 985-2215	OH: 2
Mitchell, Tiaundria	2474 Ginger Wren Road	Pepper Pike	OH	44124	(440) 276-0088	OH: 1
Brown, Brad & Jenn	1184 Catabawa Bay Drive	Port Clinton	OH	43542	(419) 635-7573	OH: 1
Holibaugh, Joey & Tiffany	2280 Dauer Ct	Powell	OH	43065	330-590-2165	OH: 1
Johnson, Chris	4305 Hickory Rock Dr	Powell	OH	43065	(614) 721-4423	OH: 4
Church, John & Michelle	10080 St Rt 550	Vincent	OH	45784	(740) 538-4126	OH: 3
Lay, Sarah & Allen	4820 Kessler Cowlesville Road	West Milton	OH	45383	(937) 964-5662	OH: 4
Sipes, Greg and Anne	2434 S 289 E Ave	Broken Arrow	OK	74014	(918) 266-2665	OK: 3
Harris, Richard & Jennifer	5401 NW 122nd Terrace	Oklahoma City	OK	73162	(405) 896-0370	OK: 4
Love, Charles & Mary	11908 Pepper Tree Place	Oklahoma City	OK	73120	(405) 286-2663	OK: 5
Buckner, Ron	5103 S Sheridan #100	Tulsa	OK	74145	(918) 924-5441	OK: 1
Lindsey, Joe & Cassie	12609 SW 24th Street	Yukon	OK	73099	(405) 397-4105	OK: 5
Adams, Nelson	525 19th Ave SW	Albany	OR	97322	(503) 881-5002	OR: 1
Wittstock, Jeff & Thuy	10550 SW Shearwater Place	Beaverton	OR	97007	(503) 347-5317	OR: 1
Lord, Steven & Tricia	18120 3rd Ave	Bend	OR	97703	(480) 399-7652	OR: 1
Sha, Julie & Hardman, Matt	62211 Powell Butte Highway	Bend	OR	97701	(458) 202-1096	OR: 1
Burk, Mark & Lisa	300 S. Redwood St., Suite 140	Canby	OR	97013	(503) 312-8398	OR: 2
Pompetti, Dana & Alisa	18805 SE Foster Rd	Damascus	OR	97089	(503) 367-5973	OR: 2
King, John Paul (JP) & Samantha	1876 Rogue River Highway	Gold Hill	OR	97525	(541) 855-4265	OR: 1
Burk, Justin	268 Evelyn Ave NE.	Salem	OR	97301	(503) 930-6511	OR: 1
Keenan, Jeremy	3200 Virginia Ave	Springfield	OR	97478	(541) 972-5662	OR: 1
Burk, Alyssa	7008 SW Pine St.	Tigard	OR	97223	(503) 798-2089	OR: 2
Russell, Matt & Andrea	1638 Fieldstone St	Allentown	PA	18106	(484) 239-3319	PA: 2
Brown, Dennis & Lisa	707 Ewing Rd.	Cochranville	PA	19330	(484) 748-0085	PA: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Williams, Deborah	6 Lou Anne Ln	Delmont	PA	15626	(412) 369-6924	PA: 2
Dimaggio, John	227 Scotch Pine Rd	Dillsburg	PA	17019	(717) 683-5432	PA: 1
Whalen, Janis & Kevin	53 Southwoods Lane	Doylestown	PA	18901	(215) 378-8559	PA: 1
Schwartzinger, Steve	53 Blenhein Dr	Easton	PA	18045	(973) 945-0474	PA: 1
Radziwon, Randy	805 Cleardale Dr.	Greensburg	PA	15601	(724) 953-9676	PA: 3
Kader, Sondra	PO Box 108 135 W Main St	Howard	PA	16841	(814) 880-4471	PA: 1
Guiliani, Al & Debbie	4054 Turnwood Lane	Moon Township	PA	15108	(724) 601-5672	PA: 3
Davis, Craig & Debbie	26 Bugler Drive	New Oxford	PA	17350	(717) 451-4995	PA: 2
Amerman, Ben & Tara	825 Strawbridge Rd	Northumberland	PA	17857	(561) 295-7231	PA: 1
Waters, Heather & Marty	113 Bridal Lane	Oakdale	PA	15071	(412) 680-4553	PA: 2
Green, Bill & Julie	106 Summit Dr.	Phoenixville	PA	19460	(610) 933-7673	PA: 5
Egli, Andrew/Mlinac, Ross	2548 Lindenwood Drive	Pittsburgh	PA	15241	(412) 818-9641	PA: 7
Stamm, Justin & Kelly	1751 S. Mountain Drive	Sinking Spring	PA	19608	(610) 717-2280	PA: 1
Nelson, Bill and Cathy	314 Emerson Street	Vandergrift	PA	15690	(724) 622-7336	PA: 1
Slayton, Dan & Jen	18938 Center Rd	Venango	PA	16440	(814) 923-1605	PA: 1
Bouchard, Bob & Joyce	4 Cider Lane	Greenville	RI	02828	(401) 949-5073	RI: 2
Lizza, Jim	216 Middle Brooke Dr.	Anderson	SC	29621	(864) 934-1266	SC: 1
Gilmore, Haley	50 Lake Linden Dr.	Bluffton	SC	29910	843-368-4128	SC: 2
Cantey, Dan	1606 Fair Street	Camden	SC	29020	(803) 309-3749	SC: 2
Evans, Greg & Stephanie	556 Eagles Rest Dr.	Chapin	SC	29036	(803) 298-8120	SC: 1
Buchan, Daniel & Jamie	P.O. Box 41161	Charleston	SC	29423	(843) 647-6477	SC: 4
Johnson, Barbie / Buckley, Mark	1644 Dexter Lane	Charleston	SC	29412	(843) 830-9966	SC: 1
Mooring, Stewart & Susan	2798 Lyle	Chester	SC	29706	(803) 493-2211	SC: 2
Davis, Danny	3404 Cherrywood Rd	Florence	SC	29501	(843) 260-1462	SC: 2
Godlewski, Charles	710 Lagan Ct.	Fort Mill	SC	29715	(704) 964-4656	SC: 2
Hutcherson, Angela	109 Saxon Drive	Gaffney	SC	29341	(864) 504-5950	SC: 2
Watlington, Isaac	210 Chemistry Circle	Ladson	SC	29456	(843) 530-4659	SC: 2
Hyatt, DeLynn & Kristin	2218 Elberry Road	Latta	SC	29565	843-992-9661	SC: 2
Munnerlyn, Shasta	106 Dogwood Place Ct.	Lexington	SC	29072	502-907-2215	SC: 1

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Keene, Marvin & Carmaletia	3409 Labrador Court	Myrtle Beach	SC	29579	(843) 467-9550	SC: 3
Gilliland, Mark, Jeanette & Matt	4561 Gray Heron Drive	North Myrtle Beach	SC	29582	4848945151	SC: 1
Mackey, Scott & Angela	141 Talley Scott Rd.	Piedmont	SC	29673	(864) 380-0154	SC: 3
Nord, Marshall & Shannon	1266 Cole Ave	Rock Hill	SC	29732	(803) 639-8799	SC: 2
Palumbo, Daniel	6585 Hidden Haven Rd	Sumter	SC	29154	(803) 883-6119	SC: 2
Wolfenbarger, Christie	326 Charlton Ct	Bluff City	TN	37618	(423) 444-5224	TN: 1
Ruger, Stacia	1056 Castlerock Dr	Clarksville	TN	37042	(931) 494-6615	TN: 2
Cash, Sherri	3218 Little John Circle SE	Cleveland	TN	37323	(423) 641-2423	TN: 1
Elrod, Kyle	3326 Cumberland Hills Circle	Cleveland	TN	37312	(423) 402-1811	TN: 3
Morgan, Cindy & Black, Jeannie	142 Laurel Trail	Cosby	TN	37722	(865) 306-3457	TN: 3
Reeves, Tom	4202 Warren Ct	Franklin	TN	37067	(615) 351-3199	TN: 2
Kennedy, John F. & Rose	4452 Andrew Jackson Pkwy	Hermitage	TN	37076	(615) 626-8002	TN: 1
Cunningham, Fred	119 Dixie Ln	Jackson	TN	38301	(731) 225-9481	TN: 1
Greenwell, Kevin	178 Bill Bennett Road	Johnson City	TN	37604	(423) 930-4321	TN: 1
Adolphson, Ingrid	11637 Foxford Dr	Knoxville	TN	37934	(865) 806-1072	TN: 1
Almaroad, Matthew	920 Woodsmoke Circle	Knoxville	TN	37934	(423) 963-0444	TN: 1
Maxey, Randy & Zach	1602 Mt Tabor Rd	Maryville	TN	37801	(865) 776-5127	TN: 1
Knell, Debra	2766 Covington Pike	Memphis	TN	38128	(901) 308-7275	TN: 1
Hill, Eric & Jamesa	3014 Melbourne Ct East	Mount Juliet	TN	37122	(404) 423-1037	TN: 2
Pennington, Claire	135 Donelson Pike Apt 131	Nashville	TN	37214	(615) 892-9945	TN: 2
Lyon, Landon & Melinda	5591 Harpeth Haven Drive	Pegram	TN	37143	(615) 944-5662	TN: 3
Woods, Mike	1679 Kingwood Lane	Rockvale	TN	37153	(615) 971-0092	TN: 3
McLeod, Barbara	1502 River Oaks Road	Abilene	TX	79605	(325) 669-6970	TX: 2
Escobedo, Frank	483 FM 2507	Alice	TX	78332	(361) 563-5532	TX: 1
Holt, Lisa & Blake	1100 Bayshore St	Allen	TX	75002	(469) 408-5662	TX: 2
Holt, Lisa & Blake	1100 Bayshore St	Allen	TX	75002	(469) 408-5662	TX: 1
Decker, Jon & Stefanie	3510 Goodfellow Ln	Amarillo	TX	79121	(806) 318-8781	TX: 1
Walker, Frank	12288 Cr 290	Anna	TX	75409	(972) 838-3174	TX: 1
Spring, Richard	15157 North State Hwy 94 P.O. BOX 42	Apple Springs	TX	75926	(936) 676-2399	TX: 2

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Alexander, Joe & Amy	3205 Bishop Dr. Suite 105	Arlington	TX	76010	(682) 593-5662	TX: 7
Reese, Wayne & Diana	7701 White Fawn Road	Arlington	TX	76002	(713) 962-2523	TX: 5
Sanchez, Cynthia	2500 Plaza St.	Arlington	TX	76010	(817) 864-9996	TX: 3
Stephens, Melissa/Gwin, Nancy	430 Private Road 35975	Arthur City	TX	75411	(903) 401-0998	TX: 2
Huskisson, Justin	4306 Ganymede Drive	Austin	TX	78727	(512) 850-1777	TX: 8
Potts, Luke & Kayla	3101 Dunns Canyon Rd	Belton	TX	76513	(254) 444-0766	TX: 3
Meeks, Virgil (Terry)	1307 Park Center St.	Benbrook	TX	76126	(817) 249-7525	TX: 2
Dugan, Jordan & Jessica	2792 CR 506	Brazoria	TX	77422	(979) 798-5662	TX: 1
Barkey, Donna & Grant	16035 State Hwy 29E	Buchanan Dam	TX	78609	(512) 755-9814	TX: 2
Escamilla Jr, Jesse	1500 Satterwhite Rd.	Buda	TX	78610	(512) 757-1163	TX: 1
Reeder, Karey/Shelton, Susan	144 S Reeder Hill	Buffalo	TX	75831	(903) 388-6649	TX: 2
Wilson, Eric & Crystal	296 AMANDA CIRCLE	CEDAR CREEK	TX	78612	(512) 786-3816	TX: 2
Lutz, Sean	1715 Ruthie Run	Cedar Park	TX	78613	(512) 983-8577	TX: 3
Boudiette, Lisa	4103 Bridgewood Ct.	College Station	TX	77845	(979) 676-3002	TX: 3
Rodriguez, Ivan	11201 Kentucky Oaks Dr	Conroe	TX	77304	(936) 756-5662	TX: 1
Taylor, Jarrod	2205 Lea Meadow Cir	Corinth	TX	76208	(940) 597-9089	TX: 2
Garza, Rene & Christy	6005 Bobtail Drive	Corpus Christi	TX	78414	(361) 658-6244	TX: 1
Maldonado, Randy & Yvette	6001 King Trail	Corpus Christi	TX	78414	(361) 232-6687	TX: 2
Rosas, Rudy & Christina	2533 Cresterrace Drive	Corpus Christi	TX	78415	(361) 248-5662	TX: 1
Wood, Trey & Stacey	2804 Daniel Ave	Dallas	TX	75205	(713) 253-7121	TX: 3
Galindo, Jose/ Baca, Victor	12096 Banner Crest Dr	El Paso	TX	79936	(915) 241-2234	TX: 4
Ruiz, Carlos	PO Box 242	Elsa	TX	78543	(956) 272-9165	TX: 1
Davis, Darrell	13748 Green Elm Rd	Fort Worth	TX	76008	(817) 808-9844	TX: 3
Fiveash, Nick & Christina	6202 Lennox Lane	Garland	TX	75043	(214) 776-1222	TX: 4
Thibodeaux, Lonnie	2936 CR 312	Glen Rose	TX	76043	(254) 300-1604	TX: 1
Sterling, Mike & Toni	6964 Catamaran Drive	Grand Prairie	TX	75054	(972) 342-8046	TX: 2
Sutton, Tiffany	2428 Ranchview Drive	Grand Prairie	TX	75052	(972) 742-1584	TX: 4
Hammond, Lee Ann	4626 County Rd 2200	Greenville	TX	75402	(469) 500-6500	TX: 4

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Cabriales, Noe	3101 E. Hapner St.	Harlingen	TX	78550	(956) 730-3981	TX: 2
Valdez, Jacob & Criselda	20753 Nixon Rd	Harlingen	TX	78550	(956) 368-3070	TX: 2
Pharis, Mike & Natasha	13224 Circle N Drive E	Helotes	TX	78023	(210) 504-6780	TX: 5 LA: 1
Dixon, Drew	6015 Inwood Drive	Houston	TX	77057	(501) 278-6900	AR: 1
Gonzalez, Miguel & Sindy	7535 Satsuma St	Houston	TX	77023	(832) 799-2409	TX: 3
Sinclair, Patrick	1802 Afton St.	Houston	TX	77055	(713) 864-4747	TX: 16
McLaughlin, Cameron & Jessica	164 Stewart-Junkin PO Box 204	Hunt	TX	78028	(830) 777-0623	TX: 2
Gonzalez, Rene	1415 hemlock Dr	Laredo	TX	78041	(956) 763-8941	TX: 1
Guerra, Fernando	1617 Galveston St	Laredo	TX	78043	(956) 236-1830	TX: 1
Werner, Dan	1518 Highland Circle	Little Elm	TX	75068	(469) 475-8081	TX: 2
Dibble, Keith & Sandy	4616 Cattail Lane	Longview	TX	75604	(903) 431-1165	TX: 5
Grey, Miguel	34063 FM 510	Los Fresnos	TX	78566	(408) 234-4595	TX.: 1
Brady, Quentin	5801 Ave G	Lubbock	TX	79404	(806) 241-1052	TX: 1
Salamon, Paulene	151 State Rd 2130	Lubbock	TX	79407	(806) 638-5662	TX: 2
Meeks, Gary & Stacy	1010 Pebble Beach Drive	Mansfield	TX	76063	(817) 727-6252	TX: 4
Beacham, Patrick	5104 Kestrel Dr.	Mesquite	TX	75181	(214) 793-1071	TX: 1
Park, Steve & Tina	1803 Grayson Ave.	Mesquite	TX	75181	(972) 365-4177	TX: 1
Rinehart, Buster & Heather	709 Austin Street	Midland	TX	79703	(432) 634-0220	TX: 3
Kashuda, Mark & Theresa	3110 Gray Thrush	Missouri City	TX	77459	(713) 817-4046	TX: 10
Manning, Jesse & Sandy	1351 Weltner Rd	New Braunfels	TX	78130	(830) 832-0973	TX: 4
Holleman, Steve & Paige	8304 Juniper Drive	North Richland Hills	TX	76182	(817) 939-9805	TX: 5
Thibodeaux, Logan/Frautschi, Ellen	4950 Cloyce Ct. Apt C	North Richland Hills	TX	76180	(405) 355-2922	TX: 2
Waddell, Mike & Shannon	5010 Colombia Dr.	Pasadena	TX	77505	(832) 696-2544	TX: 1
Maples, Ron & Kerrie	9721 Beck Dr.	Plano	TX	75025	(972) 234-4058	TX: 3
Carter, Eric & Sandy	20527 Albritton Terrace Dr	Porter	TX	77365	(281) 793-9664	TX: 2
Bowers, David & Becky	1239 Chandler Circle	Prosper	TX	75078	(469) 955-5662	TX: 2
Fowler, Tom	10702 Waterview Parkway	Rowlett	TX	75089	(214) 316-0925	TX: 3
Rodriguez, Carlos	5929 Lyndhurst Dr	San Angelo	TX	76901	(432) 290-1123	TX: 2
Corona, Jose & Kelly	2603 Jupe	San Antonio	TX	78222	(210) 415-3773	TX: 2
Stetson, Randy	117 Lilac Lane	San Antonio	TX	78209	(210) 826-7662	TX: 3

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Zamora, Rick & Claire	6962 Friesenhahn St.	San Antonio	TX	78263	(210) 852-8560	TX: 3
Garibay, Louis	14565 CR 722	Sinton	TX	78387	3617999967	TX: 1
Oeswein, David	30 Silverstrand Pl	Spring	TX	77381	(281) 408-4423	TX: 3
Ontiveros, Lorena	322 Lantana View	Spring Branch	TX	78070	(210) 833-7469	TX: 1
Hargrove, Justin & Beverly	2405 Kensington	Tyler	TX	75703	(903) 372-0269	TX: 4
Peña, Jesse	508 Kelly Crick Rd	Victoria	TX	77904	(361) 579-7423	TX: 2
Kapavik, Jessica	420 Crawshaw Lane	West	TX	76691	(254) 265-1048	TX: 5
Davoult, Roy	5302 Lakeshore Dr	Wichita Falls	TX	76310		TX: 1
Dulaney, Carri (formerly Davoult)	PO BOX 4691	Wichita Falls	TX	76308	(940) 636-5662	TX: 2
Becerra, Annya/Lowe, Josh	1657 North 400 West	Orem	UT	84057	(801) 228-0058	UT: 3
Massey, Buck	5589 N 2000 W	St George	UT	84770-0601	(435) 565-5985	UT: 1
Campbell, Lance & Rosemarie	1422 Galloway Place	Syracuse	UT	84075	(385) 770-8514	UT: 1
Mittelstaedt, Joel/Dearing, Tim	11120 Air Park Rd	Ashland	VA	23005	(804) 304-0996	VA: 8
Dinh, Trung	5309 Amber Ct	Burke	VA	22015	4158026710	VA: 1
Townsend, Kevin & Lisa	725 Hilda Pine Drive	Chesapeake	VA	23322	(757) 739-3731	VA: 1
Bourroughs, Noel	4722 Caronia Way	Fairfax	VA	22030	(703) 216-3085	VA: 1
Chaffin, Shannon	6851 Cedar Lake Drive	Gloucester	VA	23061	(804) 413-9793	VA: 2
Lischak, Maria	132 Harrison Circle	Locust Grove	VA	22508	(540) 935-4705	VA: 1
Hamilton, Don & Connie	107 Citation Lane	Lynchburg	VA	24503	(434) 509-7562	VA: 2
Young, Steve & Cindy	52 Saddle Ridge Lane	Nellysford	VA	22958	(434) 466-8959	VA: 2
McCloud, John (Jay) & Linda	5908 Sturbridge Way	Portsmouth	VA	23703	(757) 652-3675	VA: 2
Hammond, Steve	11654 Plaza Americas Dr #910	Reston	VA	20190	(703) 745-2536	VA: 6
Moore, Dean	25580 Arthur Place	South Riding	VA	20152	(703) 403-4616	VA: 2
Walsh, Bob & Melanie	4013 Vinland Circle	Virginia Beach	VA	23456	(757) 333-7170	VA: 2
Speer, Steve & Erin	420 NE Birch Street	Camas	WA	98607	360-949-2252	WA: 2
Rasmussen, Nate & Brooke	20810 E. First Ave.	Green Acres	WA	99016	(509) 599-3191	WA: 2
Kleindel, DiAnna	590 Meeker Ln.	Lynden	WA	98264	(360) 815-0653	WA: 1
Donovan, Rick & Lorrine	935 Clearwater Court	Mount Vernon	WA	98273	(360) 421-9628	WA: 2
Novick, Joe & Christine	11975 Olalla Valley Rd. SE	Olalla	WA	98359	(360) 908-0978	WA: 2

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Harroun, Reed & Amy	7524 Littlerock Road Southwest	Olympia	WA	98512	360-870-2153	WA: 1
Kerr, Grover & Sandra	4003 Monterey Dr.	Pasco	WA	99301	(509) 947-9472	WA: 3
McCulloch, Steve & Kelli	21206 NE 10th Ave	Ridgefield	WA	98642	(503) 407-7241	WA: 2
Brown, Skip & Kim	15619 62nd Avenue SE	Snohomish	WA	98296	(425) 356-2063	WA: 1
Asciutto, Tony & Tilton, Tamara	38702 NE 25th Street,	Washougal	WA	98671	(503) 799-8634	WA: 1
Dietzen, Jon	3700 Woodside Ct	Appleton	WI	54913	(920) 284-4897	WI: 2
Moistner-Bartlett, Kim	3007 Cumberland Drive	Janesville	WI	53546	(608) 436-8940	WI: 1
Rocha, David & Julie	5815 83rd Pl	Kenosha	WI	53142	(262) 577-5053	WI: 1
Sterken, Jamison	681 Shady Lane	Oconomowoc	WI	53066	(262) 354-8230	WI: 1
Sanftleben, Scott & Dorothy	322 Meadowside Dr	Verona	WI	53593	(608) 347-9403	WI: 3
Monazam, Sherry	308 Rotary Street	Morgantown	WV	26505-3235	(304) 709-0311	WV: 2
Cochran, Troy	1520 Coffeen Ave	Sheridan	WY	82801	833.KONA.600	WY: 2

Franchisees with Unopened Outlets as of December 31, 2020:

Franchisee	Entity Name	Address	City	State	Zip	Phone	Email
Calabria,	The Clean	7944 E	Mesa	AZ	85209	(602) 573-4452	calabria@kona-
Drake,	Kona Ice of	801 Burl Ave	Clovis	CA	93611	(559)	cdrake
Aviles,	Kona Ice of	14437	Hesperia	CA	92345	(480) 840-4496	gaviles@kona-
La, Jerry/	JDQH LA	7736	Sacramento	CA	95829	(916)	dchu
Rojas,	Outlaw	1250 Callen	Vacaville	CA	95688	(707) 628-0328	trojas@kona-
Randall,	Randall	7159 E 123rd	Thorton	CO	80602	(719) 505-3595	randall@kona-
Wallen,	JMWallen,	6420 CR 569	Center Hill	FL	33514	(352) 303- 4920	mwallen@kona-
Pickering,	Pick1446,	1494	Jacksonville	FL	32225	(434) 942-7827	kpick@kona-
Howard,	Appalachian	65 Centerport	White	GA	30184	(678) 283-5182	jkhoward@kona-
Walker,	Skymanda	5856	Saginaw	MI	48638	(989) 297-1142	swalker@kona-
Russell,	Frozen	3645 NW	Maysville	MO	64469	(816) 449-0429	arussell@kona-
Vavricek,	Spirit in the	2729	Grand Island	NE	68801	(308) 380-4913	
Sturm,	Sweet Ohio	1309 Norton	Dayton	OH	45430	(513) 307-4730	sturm@kona-
Green, Bill	Kona Ice	106 Summit	Phoenixville	PA	19460	(610)	bgreen
Stroud,	Stroud	768 Hafner Rd	Charlotte	TN	37036	(615) 913-7236	TBSTROUD@K
Harroun,	Oly Ice, LLC	7524	Olympia	WA	98512	(360) 870-2153	raharroun@kona-

Former Franchisees:

The name and last known address of every franchisee who had a Kona Ice Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2020 to December 31, 2020, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

The following franchises were terminated, cancelled, not renewed or otherwise ceased operations:

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Perez, Sheryl	1513 Onyx Ln	Beaumont	CA	92223	(909) 205-7841	CA: 1
Miller, Gary	1586 13th St	Los Osos	CA	93402	(805) 858-8019	CA: 2
Wilford, Eric	810 Calle Dulcinea	San Clemente	CA	92672	(949) 939-5318	CA: 2
Denigan, Isaac	1713 N. Clara Ave	DeLand	FL	32720	(386) 320-6277	FL: 1
Amarin, Lema & Adib	1756 Bayshore Dr Apt 39 E	Miami	FL	33132	(305) 890-8815	FL: 2
Peluchette, Paul	1495 Rail Head Blvd Suite 3	Naples	FL	34110	(917) 449-7179	FL: 2
Paqueo, Edgar	4477 Edgewater Drive	Orlando	FL	32804	(206) 334-8327	FL: 2
Shannon, Sean	80 Sweet Bay Rd	Kathleen	GA	31047	(478) 258-2546	GA: 2
Sharp, Mike & Tracy	24681 22nd Ave	St. Augusta	MN	56301	(320) 309-1855	MN: 2
Linthicum, Ken	7 Chamberlain Ave	Warren	NJ	07059	(908) 279-5682	NJ: 2
Munsey, Noelle	2610 Strait Ln	Houston	TX	77084	(832) 732-4524	TX: 1
Grey, Miguel	1117 Baldwin St #55A	Salinas	TX	93906	(408) 234-4595	TX: 1

The following franchises are active and current franchises that have sold one or more units in 2020 but remained in the business with other units:

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Weaver, Richard	23 Linda Circle	Greenbrier	AR	72058	(501) 679-1582	AR: 1
Roehrick, Geoff & Mary	18121 W. Minnezona Ave	Goodyear	AZ	85395	(816) 588-3238	AZ: 1
Palmer, Coby/ Ward, Chris	2728 Lambay Ct	Cape Coral	FL	33991	(239) 747-3814	FL: 2
Bartlett, Russell & Karen	1833 Cowen Rd.	Gulf Breeze	FL	32563	(850) 262-8100	FL: 1
Jeschke, Jo & Gary	132 Equest Dr	Canton	GA	30115	(770) 316-0072	GA: 3
Marumoto, Adam	91-1022B Kaiau Avenue	Kapolei	HI	96707	(808) 551-9046	HI: 1
Mikuni, Wallace	91-816 Oaniani Street	Kapolei	HI	96707	(808) 282-3404	HI: 1
Hickey, Shawn	11581 Ludlow Dr	Fishers	IN	46037	(574) 532-5736	IN: 1
Berryhill, Jeff	47561 Glengarry Blvd.	Canton	MI	48188	(734) 658-9534	MI: 2
Roach, Andy & Leigh	2104 Bull Run Dr.	Apex	NC	27539	(919) 448-1192	NC: 1
Petty, Creg	4140 Stacy Blvd	Charlotte	NC	28209	(704) 999-3421	NC: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Sweeney, Jim & Sharon	516 Route 12A	Surry	NH	03431	(603) 903-1300	NH: 1
Patel, Rupesh & Marleny	12 Leah Way	Parsippany	NJ	07054	(973) 240-7831	NJ: 2
Obiedzinski, Tom & Karen	91 Sky Manor Road	Pittstown	NJ	8867	(908) 267-5662	NJ: 2
Woodward, Russell	1087 Pine Ave	Union	NJ	07083	(908) 425-0320	NJ: 2
Malandro, John & Puglin, Julie	42 Sherman Ave	Bethpage	NY	11714	(516) 342-5757	NY: 1
Beymolla, Shaun	26 Bittersweet Avenue	Hampton Bays	NY	11946	(516) 404-5050	NY: 1
Crites, Scott	651 Brumfield Road	Lancaster	OH	43130	(740) 412-3933	OH: 3
Bouchard, Bob & Joyce	4 Cider Lane	Greenville	RI	02828	(401) 949-5073	RI: 1
Holleman, Steve & Paige	8304 Juniper Dr	North Richland Hills	TX	76182	(817) 939-9805	TX: 2
Sanftleben, Scott & Dorothy	322 Meadowside Dr	Verona	WI	53593	(608) 347-9403	WI: 1
Cochran, Troy	1520 Coffeen Ave	Sheridan	WY	82801	833.KONA.600	WY: 2

The following franchises were transferred and continued operations in a state other than their original state of operation:

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Elms, David/ Green, Tom	3290 Stermer Rd	Conway	AR	72032	(501) 940-5662	AR: 2
Miller, CJ	4242 East Odessa Dr.	San Tan Valley	AZ	85140	480.399.7652	AZ: 3
Rendelman, Michael	15418 N. 60th Street	Scottsdale	AZ	85254	(602) 419-1919	AZ: 3
Alcoser, Yvette	1019 Sunset Dr	Arroyo Grande	CA	93420	(805) 234-6114	CA: 3
Huffman, Damon & Heidi	523 Via El Risco	San Clemente	CA	92673	(949) 444-3809	CA: 2
Wilford, Eric	810 Calle Dulcinea	San Clemente	CA	92672	(949) 939-5318	CA: 3
Stewart, Dave	76 3rd St. P.O. Box 7652	Spreckles	CA	93962	(831) 757-7777	CA: 2
Witek, Ron	275 S. Worthington St #98	Spring Valley	CA	91977	(619) 455-5336	CA: 2
Worden, Paul	16788 E Belleview Place	Centennial	CO	80015	(303) 627-2381	CO: 2
Lord, Steven & Tricia	19897 E. Russet Rd	Queen Creek	CO	85142	(480) 399-7652	CO: 1
Ciadella, Salvatore & Amanda	1135 N. Country Club Dr	Crystal River	FL	34429	(352) 212-1500	FL: 1
Smith, Marcee	421 Pontevedra Rd	Davenport	FL	33837	(863) 326-2368	FL: 1
Peluchette, Paul	1495 Rail Head Blvd Suite 3	Naples	FL	34110	(917) 449-7179	FL: 1
Tanko, Tom & Linda	9747 Pecky Cypress Way	Orlando	FL	32836	(352) 988-7554	FL: 1

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Colbert, Jason & Jennifer	11213 Denmore Ln	Riverview	FL	33578	(813) 505-1805	FL: 2
Burnett, Matt & Katie	1144 Baycrest Dr	Wesley Chapel	FL	33544	(813) 812-5662	FL: 2
Hays, Gene & Denise	15984 Citrus Knoll dr	Winter Garden	FL	34787	(407) 663-9161	FL: 1
Shivdat, Ravi & Preya	1218 Selbydon Way	Winter Garden	FL	34787	(407) 620-9721	FL: 1
Thompson, Ted	190 Ben Burton Rd	Bogart	GA	30622	(770) 310-3931	GA: 1
Thomas, Jeff	1349 Chesapeake Dr SW	Lilburn	GA	30047	(678) 856-6280	GA: 1
Frick, Steven & Rowell, Karen	677 Windgrove Rd SE	Marietta	GA	30067	(678) 988-3802	GA: 1
Davis, Kathy	2668 Vulcan St	Harvey	LA	70058	(504) 915-1400	LA: 2
Lyons, Bill	6202 Gaylyn Dr	Shreveport	LA	71105	(318) 655-5662	LA: 1
Magel, Faye & J.R.	2000 Tammy St	Sulphur	LA	70663	(337) 764-6443	LA: 2
Bremer, Patty	7551 Walnut Curve	Chanhassen	MN	55317	(952) 239-3778	MN: 2
Kocurek, Joe & Jacqueline	24 Lewis and Clark Ln	Hillsboro	MO	63050	(636) 692-3216	MO: 1
Cotta, Catherine	304 Riverstone Dr	Clayton	NC	27527	(919) 909-1951	NC: 1
Syler, Barbara	506 Fetterbush Rd	Elgin	NC	29045	(803) 727-9219	NC: 1
Blum, Eric & Kelly	312 45th Place	Sea Isle City	NJ	08243	(609) 665-5866	NJ: 1
Patton, Eric	15 Pinegrove Ct	Elma	NY	14059	(716) 812-0520	NY: 1
Nitti, Scott & Nicole	90 Ridgeway Estates	Rochester	NY	14626	(585) 474-9282	NY: 1
Phillips, Adolfo (A.P.) & Diane	7546 Jenkins Dr	Canal Winchester	OH	43110	(614) 382-4075	OH: 2
Christian, Larry	130 Carrington Ln Unit #102	Loveland	OH	45140	(937) 474-9296	OH: 1
Love, Charles & Mary	11908 Pepper Tree Place	Oklahoma City	OK	73120	(405) 286-2663	OK: 1
Lindemann, Erich/ Gilmore, Haley	50 Lake Linden Dr	Bluffton	SC	29910	(843) 441-7694	SC: 1
May, Gene & Melissa	419 Athena Dr	Clarksville	TN	37042	(205) 329-0847	TN: 2
Kennedy, John F. & Rose	4452 Andrew Jackson Pkwy	Hermitage	TN	37076	(615) 626-8002	TN: 1
Sanchez, Cynthia	2500 Plaza St.	Arlington	TX	76010	(682) 222-6447	TX: 2
Huskisson, Justin	4306 Ganymede Dr	Austin	TX	78727	(512) 850-1777	TX: 3
Hale, Richard	502 Southwest Pkwy Apt 811	College Station	TX	77840	(979) 587-9699	TX: 1
McWilliams, Tim	4403 Wentworth Dr	Fulshear	TX	77441	(346) 704-5662	TX: 1
Holleman, Steve & Paige	8304 Juniper Dr	North Richland Hills	TX	76182	(817) 939-9805	TX: 1
Oeswein, David	30 Silverstrand Pl	Spring	TX	77381	(281) 408-4423	TX: 2
Brown, Nick	8281 Mosswood Dr	Woodway	TX	76712	(214) 529-2169	TX: 2

Franchisee Name	Address	City	State	Zip Code	Phone	Outlets Operated
Chaffin, Shannon	6851 Cedar Lake Dr	Gloucester	VA	23061	(804) 413-9793	VA: 1
Coyle, Rob	7109 Gary Road	Manassas	VA	20109	(703) 447-7178	VA: 1
Mittelstaedt, Joel/ Dearing, Tim	1609 Cedar Grove Terr	Richmond	VA	23228	(804) 304-0996	VA: 2
Meyerhoeffer, Jamie	49 Winter Fax	Williamsburg	VA	23185	(434) 981-6988	VA: 1
Moistner-Bartlett, Kim	3007 Cumberland Dr	Janesville	WI	53546	(608) 436-8940	WI: 1

EXHIBIT G

STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR KONA ICE, INC.

The following modifications are made to the Kona Ice, Inc. ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20___ (**"Franchise Agreement"**). When the term "**Franchisor's Choice of Law State**" is used, it means Kentucky. When the term "**Supplemental Agreements**" is used, it means "none".

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Kentucky. 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 the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Kentucky. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS 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 IN THIS FRANCHISE DISCLOSURE DOCUMENT 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 YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE 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 US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are:

   None

3. States which have revoked or suspended the right to offer the Franchises are:

   None

4. States in which the proposed registration of these Franchises has been withdrawn are:

   None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate

jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 8 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two (2) years within the Protected Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Kona Ice, Inc., 5945 Centennial Circle, Florence, KY 41042, or send a fax to Kona Ice, Inc. at (859) 282-9890 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND FRANCHISE DISCLOSURE QUESTIONNAIRE

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

Franchise Fee Deferral:

Item 5 of the FDD and the Franchise Agreement are hereby amended to state: Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

MICHIGAN

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

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

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five (5) years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota

Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 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 Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

> No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 4.H of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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 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 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.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by Franchisee**:"

You may terminate the agreement on any grounds available by law.

5. The following 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 foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 16D of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Kona Ice, Inc., 5945 Centennial Circle, Florence, KY 41042, or send a fax to Kona Ice, Inc. at (859) 282-9890 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____ By: _____
Print Name: _____
Its: _____

RHODE ISLAND

§ 19-28.1-14 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." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following 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 use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Kona Ice, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to Item 8 and 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 grounds 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

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

RCW 19.100.180 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or 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.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

On October 4, 2019, Franchisor entered into an Assurance of Discontinuance ("AOD") with the Washington Attorney General's office ("AGO"). Under the AOD Franchisor agreed to permanently discontinue the use of and to not enforce "no-poach" language in Franchisor's agreements which restricted the ability of franchisees to hire the employees from competing franchisees and from Franchisor's corporate locations. Franchisor further agreed to notify the AGO of any efforts by a franchisee in Washington to enforce any existing "no-poach" provision, to proactively remove "no-poach" language from each Washington franchisee's franchise agreement and to remove "no-poach" language from all other Kona Ice franchisees' agreements upon renewal.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Iowa	☐	North Dakota	☐	Washington
☐	Indiana	☐	Ohio	☐	Wisconsin
☐	Maryland				

Dated: _____, 20____

FRANCHISOR:

KONA ICE, INC.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 050918

EXHIBIT H

CONTRACTS FOR USE WITH THE KONA ICE FRANCHISE

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Kona Ice Business. The following are the forms of contracts that Kona Ice, Inc. uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT H-1

KONA ICE FRANCHISE

SAMPLE WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of [DATE] by and among [Entity Name], d/b/a ["dba name"], a(n) [state] [entity name] ("Franchisee"), each of the undersigned individuals holding an ownership interest in Franchisee ("Owner(s),") and (collectively with Franchisee, "Releasors") in favor of Kona Ice, Inc., a Kentucky corporation ("Franchisor," and together with Releasors, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Kona Ice business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or **(the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release)**, and Franchisor has consented to such **(transfer/successor franchise agreement/amendment/termination/other reason)**; and

WHEREAS, as a condition to Franchisor's consent to **(transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason)**, Releasors have agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasors hereby agree as follows:

1. Representations and Warranties. Releasors represent and warrant they are duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that they are duly authorized to enter into and execute this Release on behalf of Franchisee. Releasors further represent and warrant that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasors and their subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of their affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasors may now have or ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

3. Nondisparagement. Releasors expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasors agree to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasors agree that they have read and fully understands this Release and that the opportunity has been afforded to Releasors to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Kentucky.

c. Each individual and entity that comprises Releasors shall be jointly and severally liable for the obligations of such Releasors.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement the Parties and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasors agree to do such further acts and things and to execute and deliver such additional agreements and instruments as may be reasonably required to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF, the Parties have executed this Waiver and Release of Claims as of the date first written above.

FRANCHISEE:

_____, a

_____

By: _____

Name: _____

Its: _____

FRANCHISEE:

_____, a

_____

By: _____

Name: _____

Its: _____

FRANCHISEE:

_____, a

_____

By: _____

Name: _____

Its: _____

FRANCHISEE'S OWNERS:

Date _____

_____
Signature

_____
Typed or Printed Name

FRANCHISEE'S OWNERS:

Date _____

_____
Signature

_____
Typed or Printed Name

FRANCHISEE'S OWNERS:

Date _____

_____
Signature

_____
Typed or Printed Name

Rev. 072120

EXHIBIT H-2

KONA ICE FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of Kona Ice, Inc., a Kentucky corporation, and its successors and assigns ("us," "we," or "our"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means (i) any business providing shaved ice and beverage products and/or services, or any similar products and/or services that directly compete with shaved ice and beverage products or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i); provided that a franchise operated under a franchise agreement, with us or our affiliates, shall not be deemed a Competitive Business.

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Kona Ice business or the solicitation or offer of a Kona Ice franchise, whether now in existence or created in the future.

"Franchisee" means the Kona Ice franchisee for which you are a manager or officer.

"Franchisee Territory" means the territory granted to you pursuant to a franchise agreement with us.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Kona Ice business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential operations manual for the operation of a Kona Ice business, which may be periodically modified by us.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Kona Ice business, including "KONA ICE," and any other trademarks, service marks, or trade names that we designate for use by a Kona Ice business. The term "Marks" also includes any distinctive trade dress used to identify a Kona Ice business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2)-year period after you cease to be a manager or officer of Franchisee's Kona Ice business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the nine (9) month period after you cease to be a manager or officer of Franchisee's Kona Ice business.

"Restricted Territory" means the geographic area within: (i) a 20-mile radius from Franchisee's Kona Ice business (and including the premises of the approved location of Franchisee); and (ii) a 20-mile radius from all other Kona Ice businesses that are operating or under development as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10-mile radius from Franchisee's Kona Ice business (and including the premises of the approved location of Franchisee).

"System" means our system for the establishment, development, operation, and management of a Kona Ice business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Kona Ice business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's Kona Ice business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's Kona Ice business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have

violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Kona Ice franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Kentucky, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signature Page Follows)

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

Date_____ _____

Signature

_____

Typed or Printed Name

Date_____ _____

Signature

_____

Typed or Printed Name

Rev. 120619

EXHIBIT H-3

KONA ICE FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Kona Ice, Inc., a Kentucky corporation, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Copyrights" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Kona Ice franchisees to use, sell, or display in connection with the marketing and/or operation of a Kona Ice Business, whether now in existence or created in the future.

"Franchisee" means the Kona Ice franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Kona Ice Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Kona Ice Business" means a business that provides flavored shaved ice, ice cream, and related products to the general public in a mobile environment and other related products and services using our Intellectual Property.

"Manual" means our confidential operations manual for the operation of a Kona Ice Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Kona Ice Business, including "KONA ICE" and any other trademarks, service marks, or trade names that we designate for use by a Kona Ice Business. The term "Marks" also includes any distinctive trade dress used to identify a Kona Ice Business, whether now in existence or hereafter created.

"System" means our system for the establishment, development, operation, and management of a Kona Ice Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Kona Ice Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will

maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Kona Ice, Inc. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Kona Ice franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of Kona Ice, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Kentucky, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date_____ _____
Signature

_____
Typed or Printed Name

Date_____ _____
Signature

_____
Typed or Printed Name

Date_____ _____
Signature

_____
Typed or Printed Name

Rev. 032916

EXHIBIT H-4

KONA ICE FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("**Agreement**") is entered into this _____ day of _____, 20_____, between Kona Ice, Inc. ("**Franchisor**"), a Kentucky corporation, _____ ("**Former Franchisee**"), the undersigned owners of Former Franchisee ("**Owners**") and _____, a [State] [corporation/limited liability company] ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20_____ ("**Former Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a Kona Ice franchise located at _____ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("**New Franchise Agreement**"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("**Franchisor's Assignment Fee**").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New

Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Kona Ice franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Kentucky.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

KONA ICE, INC.

By: _____

Printed Name: _____

Title: _____

FORMER FRANCHISEE:

_____

By: _____

Printed Name: _____

Title: _____

NEW FRANCHISEE:

_____

By: _____

Printed Name: _____

Title: _____

Rev. 031821

EXHIBIT H-5

KONA ICE FRANCHISE

ADDITIONAL FRANCHISE RESERVATION AGREEMENT

This Additional Franchise Reservation Agreement ("**AFR Agreement**") is made between **Kona Ice, Inc.** ("**us**" or "**we**") and _____ ("**you**") is made and entered into ____, 20__ ("**Effective Date**").

1. **General Description of Agreement**. This AFR Agreement sets out the terms and the conditions under which we will reserve a Kona Ice franchise and territory (each, a "**Reserved Business**").

a. In order to establish a Kona Ice franchise, you will be required to enter into a Franchise Agreement for the Reserved Business, the form of which will be our then-current form Franchise Agreement then being offered to new Kona Ice franchisees (that form of Franchise Agreement is referred to in AFR Agreement as the "**Franchise Agreement**").

b. You acknowledge and represent to us that you understand that this AFR Agreement is not a Franchise Agreement, and that you have no right to open a Kona Ice business under this AFR Agreement. You will be permitted to open a Kona Ice franchise only if: (a) we approve you to do so; (b) you and we sign a Franchise Agreement; and (c) you pay us all applicable initial fees that are due under the Franchise Agreement.

2. **Term**. The term of this AFR Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided herein, shall continue until the earlier of (i) the Expiration Date (as defined in Section 5), or (ii) the date of execution of the Franchise Agreement for the Reserved Business ("**Term**").

3. **Reserved Territory**. The territory covered under this AFR Agreement is referred to as the "**Reserved Territory**." The specific Reserved Territory is:

Reserved Territory Zip Codes

If you fail to purchase a Kona Ice franchise for the Reserved Territory during the term, you will not be able to enter into another agreement to reserve the Reserved Territory.

4. **Deadline**. You must sign a Franchise Agreement for your Reserved Business for the Reserved Territory no later than one (1) year from the Effective Date (the "**Deadline**").

5. **Right of First Refusal**. If you do not meet the Deadline for any reason, we will allow you a right of first refusal for the Reserved Territory ("**ROFR**") subject to the restrictions contained in this Section. This ROFR will shall expire on the earlier of the execution of a Franchise Agreement for the Reserved Business, or 12 months after the Deadline ("**Expiration Date**"). If, after the Deadline, a qualified prospective franchisee has applied to operate a Kona Ice business in the Reserved Territory, then we will provide to you (i) written notification stating the same and (ii) the then-current Franchise Disclosure Document and franchise agreement ("**Franchisor's Notice**"). You will have twenty days from the receipt

of Franchisor's Notice to sign a Franchise Agreement for the Reserved Territory and pay the applicable fees.

You will forfeit your ROFR upon the occurrence of the earlier of the occurrence of any of the following: (1) you indicate in writing that you does not want to exercise this ROFR; and (2) you decline to exercise your rights under this Section within the twenty day period described above.

6. **Reservation Fee**. At the time of signing this AFR Agreement, you must pay us a nonrefundable "**Reservation Fee**" of ten thousand dollars ($10,000). The Reservation Fee is paid in consideration of our agreement not to award franchise rights to any portion of the Reserved Territory prior to the Deadline, subject to the terms of this Agreement. This amount is fully earned by us when we sign this AFR Agreement. This Additional Franchise Reservation Deposit will be applied towards the initial franchise fee that you must pay us under Franchise Agreement for the Reserved Business if you proceed with the purchase of the Reserved Business. If you do not sign a Franchise Agreement for the Reserved Business for any reason, we will keep the Reservation Fee and you will not be entitled to any refund.

7. **Assignment**. We have the unrestricted right to assign this AFR Agreement without prior notice to you. You may not assign this AFR Agreement.

8. **Defaults**. You will be in default under this AFR Agreement if any other agreement between you (and/or your affiliates) and us (and/or our affiliates) is terminated. If you are in default under this AFR Agreement, we will have the right to terminate AFR Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law).

9. **Entire Agreement**. This Agreement incorporates the full and complete agreement between the parties concerning the subject of this AFR Agreement, and supersedes any and all prior correspondence, conversations, representations, or statements of whatever nature concerning the subject of this AFR Agreement. This AFR Agreement shall be interpreted under the laws of the State of Kentucky without regard to its conflict of laws principles. This AFR Agreement may not be modified without the written consent of both parties

"Us"
Kona Ice, Inc.

By: _____
Name: _____
Its: _____
Date: _____

"You" (Your Franchise Entity Name)
_____

By: _____
Name: _____
Your Title: _____
Date: _____

EXHIBIT H-6

KONA ICE FRANCHISE

PROMISSORY NOTE - EAGLE FINANCIAL SERVICES, INC.

Eagle Financial Services, Inc.

COMMERCIAL PROMISSORY NOTE

Florence, Kentucky

$0.00 Effective Date: _____
Maturity Date: _____

On or before the Due Date below, the undersigned, a (check at least one) *n/a* corporation *n/a* partnership *X* individual *X* limited liability company, for value received, and if more than one, jointly and severally, promise to pay to the order of Eagle Financial Services, Inc., 7791 Dixie Highway, Florence, KY 41042 (hereinafter referred to as "Eagle") the sum of _____(hereinafter referred to as the "Borrowing") plus interest per annum at a rate of:

%

This note is payable as follows: Principal and interest shall be payable in installments in the amount of $_____ which shall be due on the _____ day of each month beginning _____ and any remaining balance on _____(Maturity). Any balance remaining post-maturity shall bear interest at 15 percent per annum.

Principal and interest payments shall be made at Eagle's address unless otherwise designated by Eagle in writing.

To secure repayment of this note and all modifications, extensions and renewals thereof, and all other Obligations (as herein defined) of the undersigned to Eagle, the undersigned grants Eagle a security interest in all of the undersigned's now owned or hereafter acquired interests in all property in which Eagle is, at any time, granted a lien for any Obligation, including, without limitation, trucks and equipment, vehicles, money, securities, instruments, documents, letters of credit, chattel paper, all property in possession of Eagle, other property delivered to Eagle in transit, for safekeeping, or for collection or exchange for other property, all distributions, dividends, warrants, securities and other rights in addition to such property ("Collateral"). The undersigned agrees that Eagle may, at any time, call for additional Collateral satisfactory to it. The undersigned agrees to execute any and all documents Eagle deems necessary for it to maintain a perfected security interest in the Collateral, including without limitation, documents necessary under the Uniform Commercial Code, vehicle title liens, and other security documents. The failure of Eagle to perfect its lien hereunder shall not diminish its enforceability.

All documents executed in connection with this note, and the following property, further secure the Obligations:

Type of Truck: _____
Year: _____ Make: _____ Model: _____
VIN Truck _____
Other property: _____

_____1
Initial

The Obligations secured by the Collateral (herein the "Obligations") shall include this note and each and every liability of the undersigned jointly or severally to Eagle, direct or contingent, due or to become due, whether now existing or hereafter existing, participated in whole or in part, created by trust agreement, lease, overdraft, agreement, or otherwise, in any manner by the undersigned.

The undersigned certifies that the proceeds of this loan are to be used for business purposes. If this note is a renewal, in whole or in part, of a previous Obligation, the acceptance by Eagle of this note shall not effectuate a payment but rather a continuation of the previous Obligation.

Events of default:

This note, and all other Obligations of the undersigned to Eagle, shall be and become immediately due and payable at the option of Eagle, without any demand or notice whatsoever, upon the occurrence of any of the following described events, each of which shall constitute an Event of Default:

1) Any failure to make any payment when due of the principal or interest of this note, the occurrence of any event of default as therein defined on any other Obligation of the undersigned, or a default in the Obligations under any security documents.
2) The death or dissolution of the undersigned, of any endorser or guarantor, or if the undersigned is a partnership, the death or dissolution of a general partner.
3) Any failure to submit to Eagle current financial information upon request.
4) The creation of any lien, or the issuance of an attachment against or seizure of any of the property of, or the entry of a judgment against, the undersigned after the effective date of this note.
5) In the judgment of Eagle, any adverse change occurs in the ability of the undersigned to repay the Obligations.
6) An assignment for the benefit of the creditors of, or the commencement of any bankruptcy, receivership, insolvency, reorganization, or liquidation proceeding by or against the undersigned or any endorser or guarantor hereof.
7) The institution of garnishment proceedings by attachment, levy or otherwise, against any Collateral hereunder.
8) Eagle has called for additional security and the undersigned has not furnished satisfactory additional security on demand.

Upon the occurrence of an Event of Default herein described, Eagle may, at its option, declare this note and all other Obligations of the undersigned to be fully due and payable in their aggregate amount together with accrued interest plus any fees and charges. In addition to any other remedy permitted by law, Eagle may at any time, without notice, at its option, proceed to enforce and protect its rights by an action in law or in equity or by any other appropriate proceedings.

Notwithstanding any other legal or equitable rights, Eagle, upon an Event of Default, is hereby given full power to collect, sell, assign, transfer and deliver all Collateral or any part thereof, or any substitutes thereof, or any additions thereto, through private or public sale without either demand or notice to the undersigned, or any advertisement, the same being hereby expressly waived, at which sale Eagle is authorized to purchase said property or any part thereof, free from any right of redemption on the part of the undersigned, which is hereby expressly waived and released. In case of sale for any cause, after deducting all costs and expenses of every kind, including but not limited to attorney fees, Eagle may apply, as it shall deem proper, the residue of the proceeds of such sale toward the payment of any one or more or all of the Obligations of the undersigned, whether due or not due, to Eagle; after such application and the return of any

_____2
Initial

surplus the undersigned agrees to be and remains liable to Eagle for any and every deficiency after application as aforesaid upon this and any other Obligation. The undersigned shall pay all costs of collection incurred by Eagle, including its attorney's fees, if this note is referred to an attorney for collection whether or not payment is obtained before entry of judgment, which costs and fees are Obligations secured by the Collateral.

The undersigned may prepay all or part of this note without penalty.

All rights and liabilities hereunder shall be governed and limited by and construed in accordance with the laws of the Commonwealth of Kentucky and the parties agree that the Boone County Kentucky Circuit Court is the exclusive court to adjudicate any controversies related to this note.

ENTIRE AGREEMENT: The undersigned agrees that there are no conditions or understandings which are not expressed in this note and the documents referred to herein.

WAIVER: No failure on the part of Eagle to exercise any of its rights hereunder shall be deemed a waiver of any such rights or of any default. Demand, presentment, protest, notice of dishonor, notice of protest, notice of default and all suretyship defenses are hereby waived.

JURY WAIVER: THE UNDERSIGNED, AND ANY ENDORSER OR GUARANTOR HEREOF, WAIVES THE RIGHT TO A TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Any provision herein which may prove limited or unenforceable under any law or judicial ruling shall not affect the validity or enforceability of the remainder of this note.

Each of the undersigned (even if signing as an officer of a corporation, as a partner in a partnership, or in some other representative capacity) are also parties to this note and are jointly and severally obligated to perform its terms.

INDIVIDUAL SIGNATURE(S)

_____	_____
Borrower Signature	Co-Borrower Signature
_____	_____
Printed name	Printed name
Address: _____	_____
_____	_____
_____	_____
_____	_____

COUNTY OF _____
STATE OF _____

This instrument was acknowledged before me this _____ day of _____, 20__ by _____.
(Borrower's Name)

_____
Notary Public
My Commission Expires:
_____

_____3
Initial

COUNTY OF _____
STATE OF _____

This instrument was acknowledged before me this _____ day of _____, 20__ by _____.
(Co-Borrower's Name)

_____
Notary Public
My Commission Expires:
_____

COMPANY SIGNATURE(S)

Full Company Name _____

_____
Borrower's Signature

_____
Printed name
_____
Title

Corporate Address: _____
_____
_____

COUNTY OF _____
STATE OF _____

This instrument was acknowledged before me this _____ day of _____, 20__ by _____, the _____ for _____.
(Borrower's Name) *(Borrower's Title)* *(Company Name)*

_____
Notary Public
My Commission Expires:
_____

_____4
Initial

EXHIBIT H-7

KONA ICE FRANCHISE

RETAIL INSTALLMENT CONTRACT - ALLY FINANCIAL, INC.

RETAIL INSTALLMENT CONTRACT – MOTOR VEHICLE – SIMPLE INTEREST

No. _____

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have paid after you have made all payments as scheduled.	Total Sale Price The total cost of your purchase on credit, including your downpayment of $ _____
%	$	$	$	$

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
	$	monthly beginning
	$	

Security: You are giving a security interest in the goods being purchased and in any moneys, credits or other property of yours in the possession of the Assignee, on deposit or otherwise.

Late Charge: If any payment is ten (10) days late, you will be charged: i) 5% of the installment if the installment is in excess of $200.00; or ii) $10.00 if the installment is for $200.00 or less.

Prepayment: You have the right to prepay the unpaid balance in full or in part at anytime without penalty. See your contract terms below and on the reverse side for any additional information about nonpayment, default, any required repayment in full before the scheduled date, prepayment refunds and penalties and further information about security interests.

Buyer(s) _____ (Names)

_____ (Address) _____ (City) (State) (Zip)

Buyer(s) _____ (Names)

_____ (Address) _____ (City) (State) (Zip)

Seller _____ (Corporate Firm or Trade Name)

_____ (Business Address) _____ (City) (State) (Zip)

Itemization of Amount Financed

1. Cash Price $ _____
Less Cash Downpayment $ _____
Less Other Downpayment (describe) _____ $ _____
Value of Trade-In
Trade $ _____
Lien Payoff $ _____
To _____ Net Trade $ _____
2. Total Downpayment $ _____
(If negative enter "0" and see "Unpaid Balance Due on Trade-In" below)
3. Unpaid Balance of Cash Price $ _____
Amount Paid to Others for You
*WE MAY BE RETAINING A PORTION OF THIS AMOUNT
Unpaid Balance Due on Trade-In $ _____
Year, Make, Model of Buyer's Trade-In
(Paid to) _____
*Insurance Companies:
* _____ $ _____
* _____ $ _____
* _____ $ _____
Public Officials (Licenses, Title & Taxes) $ _____
*Paid to ERT Service Provider for **Optional ERT Fee** $ _____
Other Charges (describe)
*To _____ $ _____
*To _____ $ _____
*To _____ $ _____
*To _____ $ _____
*To _____ $ _____
*To _____ $ _____
*To _____ $ _____
4. Total Other Charges & Amount Paid to Others for You $ _____
5. Amount Financed (3 + 4) $ _____

Seller hereby sells and Buyer or Buyers, jointly and severally, hereby purchase the following motor vehicle with accessories and equipment thereon for the deferred payment price and on the terms set forth in this contract. Buyer acknowledges delivery and acceptance of said motor vehicle.
The vehicle will be used primarily for personal, family, household or agricultural purposes. However, if the following box is checked the vehicle will be used primarily for business or commercial purposes. ☐

New or Used	Year	Make of Vehicle	Model	Body Style	No. Cyl.	Vehicle Identification Number	Body Color	Odometer	Key No.

Buyer Promises to pay to the order of Seller at the offices of:

_____ **(Assignee) located in** _____

the Amount Financed shown above together with a Finance Charge on the principal balance of the Amount Financed from time to time unpaid at the rate of _____% per annum from date until maturity in _____ installments of $_____ each and a final installment of $_____, beginning on _____ and continuing on the same day of each successive month thereafter until fully paid. All payments shall be applied first to accrued Finance Charge and the balance to principal. The Finance Charge has been computed on the scheduled unpaid balances of the Amount Financed on the assumption that all scheduled installments will be paid when due. Guarantor, if any, guarantees collection of all amounts due under this contract upon failure of the Seller to collect from the Buyer named herein. Herein, Holder means the motor vehicle retail Seller, sales finance agency, or any other Assignee that purchases or makes a loan upon the security of this retail installment contract.

ILLINOIS NOTICE REGARDING USED VEHICLES:
The following applies only if the vehicle is a used vehicle and is not an antique vehicle as defined in the Illinois Vehicle Code, or a collector motor vehicle and does not apply to a vehicle with more than 150,000 miles at the time of sale.

Illinois law requires that this vehicle will be free of a defect in a power train component for 15 days or 500 miles after delivery, whichever is earlier, except with regard to particular defects disclosed on the first page of this agreement. "Power train component" means the engine block, head, all internal engine parts, oil pan and gaskets, water pump, intake manifold, transmission, and all internal transmission parts, torque converter, drive shaft, universal joints, rear axle and all rear axle internal parts, and rear wheel bearings. You (the consumer) will have to pay up to $100 for each of the first 2 repairs if the warranty is violated.

ILLINOIS MOTOR VEHICLE

Attention consumer: sign here only if the Seller has told you that this vehicle has the following problem or problems and you agree to buy the vehicle on those terms:

1. _____
2. _____
3. _____

_____ Buyer Signature _____ Date

_____ Buyer Signature _____ Date

INSURANCE AGREEMENT: Motor Vehicle Damage or Loss insurance is required by Seller. **(Buyer may choose the person through whom the insurance is to be obtained). If such insurance is to be obtained through Seller, the cost for a term of _____ months will be $ _____.**

LIABILITY INSURANCE COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE CAUSED TO OTHERS IS NOT INCLUDED IN THIS CONTRACT

Credit Insurance is not required by Seller nor is it a factor in approval of the extension of credit. No credit insurance is to be provided unless the Buyer signs the appropriate authorization below. Group Credit Insurance is available for the term of the credit upon acceptance by insurer at the following costs:

Credit Life Insurance $ _____ Credit Disability Insurance $ _____

I desire Credit Life Insurance.	I desire Credit Disability Insurance.	I DO NOT want Credit Life or Disability Insurance.
(Age of Insured) (Signature) (Date)	(Age of Insured) (Signature) (Date)	(Signature) (Date)
(Age of Insured) (Signature) (Date)	(Age of Insured) (Signature) (Date)	(Signature) (Date)

SEE REVERSE HEREOF FOR INFORMATION ON POSSIBLE REFUND OF CREDIT LIFE OR DISABILITY INSURANCE PREMIUM.

NOTICE OF PROPOSED GROUP CREDIT LIFE INSURANCE

If a charge is made above for credit life insurance and if such insurance is to be procured by Assignee, the undersigned takes notice that the decreasing term insurance written under a Group Credit Life Insurance Policy is to be purchased on the life of the Buyer or Buyers who signed above requesting it, subject to acceptance by the insurer and issuance of a certificate by (Insurer) (Home Office Address)

The amount of premium is shown above. The term of insurance will commence on the date of this contract and expire on the originally scheduled maturity date of the indebtedness. The initial amount of insurance will be equal to the initial indebtedness and will decrease as any payment is made on the indebtedness in an amount computed by multiplying the amount of the payment by the ratio of initial insurance over the initial indebtedness. The proceeds of any insurance paid will be applied to reduce or extinguish the indebtedness. If insurance is terminated prior to the scheduled maturity date of the indebtedness, any premium refund will be paid or credited promptly to the person entitled thereto. Refund formula is on file with the Director of Insurance and with creditor. All of the foregoing is subject to the provisions of the certificate of insurance to be issued.

Other insurance: _____ (Type of Insurance), the cost for a term of _____ months will be $ _____

BUYER AGREES THAT THE PROVISIONS ON THE REVERSE SIDE HEREOF SHALL CONSTITUTE A PART OF THIS RETAIL INSTALLMENT CONTRACT AND BE INCORPORATED HEREIN.

DOCUMENTARY FEE: A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING DOCUMENTS AND PERFORMING SERVICES RELATED TO CLOSING OF A SALE. THE BASE DOCUMENTARY FEE BEGINNING JANUARY 1, 2008, WAS $150. THE MAXIMUM AMOUNT THAT MAY BE CHARGED FOR A DOCUMENTARY FEE IS THE BASE DOCUMENTARY FEE OF $150 WHICH SHALL BE SUBJECT TO AN ANNUAL RATE ADJUSTMENT EQUAL TO THE PERCENTAGE OF CHANGE IN THE BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX. THIS NOTICE IS REQUIRED BY LAW.

The Annual Percentage Rate may be negotiable with the Seller. If this Contract is assigned, Seller may retain or receive a portion of the Finance Charge.

NOTICE TO BUYER: 1. Do not sign this agreement before you read it or if it contains any blank spaces. 2. You are entitled to an exact copy of the agreement you sign. 3. Under the law you have the right, among others, to pay in advance the full amount due and to obtain under certain conditions a partial refund of the finance charge. Buyer confirms receiving a copy of this contract and had a chance to read and review it before Buyer signed it. By signing below Buyer agrees to the terms of this contract. Guarantor, if any, acknowledges receipt of completed copies of this contract and of Explanation of Guarantor's Obligation.

CO-BUYER: A Co-Buyer is a person who agrees to be primarily responsible for paying the entire debt and who (1) actually receives the vehicle or (2) is a parent or spouse of the Buyer, or (3) will be listed as an owner on the vehicle's title. By signing below, (1) I confirm that I will actually receive possession of the vehicle or will use it, or that I am a parent or spouse of the Buyer, or that I will be listed as an owner on the vehicle's title; (2) I agree to be primarily obligated under this contract; and (3) I consent to the Creditor having a security interest in the vehicle.

Dated: _____

Seller: _____

By: _____ TITLE

Guarantor _____

Guarantor Address: _____

I hereby guarantee the collection of the above described amount upon failure of the Seller named herein to collect said amount from the Buyer named herein.

Buyer(s) acknowledges receipt of a fully completed and executed copy of this Contract.

RETAIL INSTALLMENT CONTRACT

Buyer _____

Buyer _____

INSTRUCTIONS: If parent, spouse, or other person who is or will be listed as an owner on the vehicle's title is a co-buyer, sign above. Other co-signers, sign on the Guarantor line.

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ORIGINAL

Illiana Form IFI-26 (Rev. 7/17)

ADDITIONAL AGREEMENTS OF BUYER

1. SECURITY INTERESTS: Seller is granted a purchase-money security interest in the motor vehicle described and all accessions under the Illinois Uniform Commercial Code until the Total of Payments and all future indebtedness for taxes, liens, repairs and insurance premiums advanced by Holder hereunder are paid in full. Buyer grants Assignee the right of set-off or lien on any moneys, credits or other property of Buyer in possession of the Assignee, on deposit or otherwise, excepting IRA or similar deposits. Seller is also granted a security interest in any premium rebates for insurance or service contracts, if financed hereunder, in the proceeds of any insurance or service contract on the motor vehicle, and in the proceeds of any credit life and/or accident and health insurance financed hereunder, until all amounts due under this contract are paid in full.

2. ACCELERATION: Buyer agrees that (1) if Buyer shall default in the payment of any installment of the Total of Payments or any other indebtedness due hereon, or (2) Buyer shall fail to perform any agreement or warranty made by Buyer herein, or (3) if the motor vehicle shall be lost, stolen, substantially damaged, destroyed, sold, encumbered, removed, concealed, attached or levied upon, or (4) if the motor vehicle shall be seized or forfeited for violation of any law or ordinance, State, Federal or Municipal; or (5) a proceeding under any bankruptcy or insolvency statute shall be instituted by or against Buyer or Buyer's business or property, or Buyer shall make an assignment for benefit of creditors, or (6) if Buyer shall die or be adjudged incompetent; or (7) if Holder shall, for reasonable cause, deem itself insecure; or (8) if Buyer shall fail to keep the motor vehicle fully insured for the entire term of this contract, the Holder may declare all unpaid installments of the Total of Payments and all other indebtedness secured hereby immediately due and payable, without notice or demand, subject to right of reinstatement, if applicable.

3. PREPAYMENT: THE BUYER MAY PREPAY IN FULL OR IN PART THE UNPAID BALANCE OF THE CONTRACT AT ANY TIME WITHOUT PENALTY.

4. DELINQUENCY CHARGE: If any payment is ten (10) days late, you will be charged: i) 5% of the installment if the installment is in excess of $200.00; or ii) $10.00 if the installment is for $200.00 or less. In addition, Buyer agrees to pay reasonable attorneys' fees, costs and expenses incurred in the collection or enforcement of the debt or in realizing on the collateral. Buyer agrees to pay Finance Charges after maturity of the final installment, or after acceleration upon default, at the Annual Percentage Rate stated herein so long as there exists any uncured default hereunder, all without relief from valuation or appraisement laws.

5. Waiver of any default in the payment of any installment of the total of payments when due shall not operate as a waiver of any subsequent default. No extension of the time of payment or any other modification of the terms of this contract shall be binding on Holder unless written consent thereto is given by an executive officer or Holder. This contract shall be binding upon and inure to the benefit of the parties, their heirs, personal representatives, successor and assigns.

6. Buyer agrees to keep said motor vehicle fully insured against loss by fire, theft and collision for the entire term of this contract in companies acceptable to Holder. Holder is authorized to purchase all insurance included in this contract. Insurance coverages, other than required insurance, have been voluntarily contracted for by Buyer. Buyer may elect to purchase any required insurance from an insurance company, agent or broker of his own choice. If Buyer so elects, he shall furnish Seller with a policy or binder issued by a company acceptable to Seller on or before taking possession of the motor vehicle, and inclusion of Buyer's premiums in this contract is optional with Seller. All policies procured by Buyer shall provide that loss, if any, shall be payable to Holder and to Buyer as their respective interest may appear and a clause requiring insurer to give the Holder 10 days written notice of cancellation. In the event of the failure of Buyer to insure said motor vehicle or to deliver a fully paid policy to Holder at the times and in the manner herein provided, or in the event of cancellation or expiration of any policy during the term of this contract without replacement by Buyer within 10 days, such failure shall constitute an event of default hereunder. Holder shall have the option, but shall not be required, to procure such insurance for Buyer and to advance the premium therefor. Buyer hereby promises to pay any such premium with finance charge thereon at the annual percentage rate stated on the reverse side hereof as an additional indebtedness due hereunder. Buyer hereby assigns to Holder the proceeds of all insurance on said motor vehicle including unearned premium refunds. In the event of default by Buyer hereunder, Holder is authorized to cancel such insurance, receive and receipt for unearned premiums and to endorse any check or draft therefor made payable to Buyer. Any unearned premium received by the Holder shall be credited to the final maturing installments of this contract except to the extent applied toward payment for similar insurance protecting the interest of Buyer and the Holder, or either of them.

7. COLLATERAL PROTECTION INSURANCE: Unless you provide us with evidence of the insurance coverage required by your agreement with us, we may purchase insurance at your expense to protect our interests in your collateral. This insurance may, but need not, protect your interests. The coverage that we purchase may not pay any claim that you make or any claim that is made against you in connection with the collateral. You may later cancel any insurance purchased by us, but only after providing us with evidence that you have obtained insurance as required by our agreement. If we purchase insurance for the collateral, you will be responsible for the costs of that insurance, including interest and any other charges we may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to your total outstanding balance or obligation. The costs of the insurance may be more than the cost of insurance you may be able to obtain on your own.

8. Buyer shall not use or permit said motor vehicle to be used in violation of any law or ordinance. State, Federal, or Municipal. Buyer shall not sell, lease, encumber or place said motor vehicle in any other person's possession or remove it from the U.S. without the written consent of the Holder of this contract. Buyer shall not use said motor vehicle for hire or as a taxi. Buyer shall keep said motor vehicle free from all mechanic's liens, tax liens and all other liens.

9. Upon the occurrence of any event of default, the Holder of this contract shall have the rights and remedies provided by Article 9 of the Illinois Uniform Commercial Code including, but not by way of limitation, the rights of the Holder (a) to take immediate possession of the motor vehicle, with or without judicial process, and for such purpose, to enter upon the premises where it may be located; and (b) to give Buyer reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made; and (c) to dispose of the motor vehicle at public or private sale in accordance with said notice to Buyer and to buy at a public sale; and (d) to apply the proceeds of sale first to the reasonable expenses of retaking, holding, preparing for sale and selling and to reasonable attorneys' fees and legal expenses incurred by Holder, and second, to satisfaction of Buyer's indebtedness hereon, and third, to satisfaction of any subordinate security interest in the motor vehicle if demand therefor is received by Holder before disposition of the proceeds, and to account to Buyer for any surplus remaining. Buyer shall be liable for any deficiency. It is expressly agreed by Buyer that the requirements of reasonable notice shall be met if notice is mailed to Buyer at the address of Buyer shown herein not less than 10 days prior to the sale or other disposition. All rights and remedies of the Holder, whether provided for in this contract or conferred by law, are cumulative.

10. Holder is authorized to apply any payment made by Buyer hereon to any other indebtedness of Buyer to Holder, whether arising under the contract or otherwise.

11. Buyer agrees that Holder, in retaking said motor vehicle as herein provided, may take possession of personal effects and property found therein and hold the same for delivery to Buyer.

12. Buyer agrees that Holder may try to contact Buyer in writing, by email, or using prerecorded/artificial voice messages, text messages, and automatic telephone dialing systems, as the law allows. Buyer also agrees that Holder may try to contact Buyer in these and other ways at any address or telephone number Buyer provides, even if the telephone number is a mobile phone number or the contact results in a charge to the Buyer.

13. The terms of this contract are governed by the laws of the State of Illinois. If any provision of this contract is held invalid, the invalidity shall not affect the remaining provisions thereof.

USED MOTOR VEHICLE BUYER'S GUIDE. If you are purchasing a used vehicle with this contract: THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS USED VEHICLE IS A PART OF THIS CONTRACT. INFORMATION ON THE WINDOW FORM OVERRIDES ANY CONTRARY PROVISIONS IN THE CONTRACT OF SALE. Spanish Translation: Guia para compradores de vehículos usados. La información que ve en el formulario de la ventanilla para este vehículo forma parte del presente contrato. La información del formulario de la ventanilla deja sin efecto toda disposición en contrario contenida en el contrato de venta.

NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER. The preceding NOTICE applies only to goods and services obtained primarily for personal, family, or household use. In all other cases, Buyer will not assert against any subsequent Holder or Assignee of this contract any claims or defenses the Buyer (debtor) may have against the Seller or manufacturer of the vehicle or equipment obtained under this contract.

"NOTICE OF POSSIBLE REFUND OF CREDIT LIFE OR DISABILITY INSURANCE PREMIUM."
(1) IF YOU HAVE PURCHASED EITHER CREDIT LIFE OR CREDIT DISABILITY INSURANCE, OR BOTH, TO GUARANTEE PAYMENTS BEING MADE IN CASE OF YOUR DEATH OR DISABILITY, ON YOUR VEHICLE PURCHASED UNDER AN INSTALLMENT SALES CONTRACT, YOU MAY BE ENTITLED TO A PARTIAL REFUND OF YOUR PREMIUM IF YOU PAY OFF YOUR INSTALLMENT LOAN EARLY. (2) IN CASE OF EARLY COMPLETE PAYMENT OF YOUR LOAN, YOU SHOULD CONTACT THE SELLER OF YOUR CREDIT LIFE OR CREDIT DISABILITY INSURANCE TO SEE IF A REFUND IS DUE. IF YOUR VEHICLE DEALER FINANCED YOUR LOAN, THE SELLER OF YOUR CREDIT LIFE OR CREDIT DISABILITY INSURANCE IS YOUR VEHICLE DEALER.

ASSIGNMENT

FOR VALUE RECEIVED, Seller hereby sells, assigns and transfers to

(Name of Assignee) (Address of Assignee)

ASSIGNEE, its successors and assigns, all of Seller's right, title and interest in and to the within contract and the motor vehicle described therein. To induce Assignee to purchase said contract, Seller represents and warrants to Assignee (1) that the within contract is valid and genuine and correctly states the terms of the retail installment transaction between Seller and Buyer; (2) that the motor vehicle described has been delivered to and accepted by the Buyer; (3) that the down payment was paid in full, in cash or in trade, and that no part was loaned to Buyer by Seller; (4) that Seller had good title to and the right to sell said motor vehicle to Buyer and that the motor vehicle is free of all liens, claims and encumbrances; (5) that no notice of any defense or right of action has been received by Seller from Buyer nor has Seller any knowledge of any fact that would impair the validity of the contract; (6) that Seller has the right to sell and assign this contract to Assignee; (7) that all Buyers have legal capacity to contract; (8) that on the date of the contract Seller executed and delivered to each Buyer a completed copy of the contract and to the Guarantor a completed copy of the contract and Explanation of Guarantor's Obligation; (9) Seller has complied with all requirements of the Federal Truth in Lending Act, Regulation Z, the Federal Equal Credit Opportunity Act and the Illinois Motor Vehicle Retail Installment Sales Act and the regulations of all governmental agencies; (10) that on the date of the contract, Seller assigned to Buyer the Manufacturer's Statement of Origin or the existing Certificate of Title, as the case may be, issued covering said motor vehicle, procured from Buyer a signed application for a new certificate of title to be issued to Buyer and mailed to Assignee showing correctly the date of the within contract, the name and address of Assignee as Holder of the first lien on the motor vehicle and the amount of said lien and caused to be delivered to the Secretary of State of Illinois all of the documents described with the prescribed fee; (11) that the motor vehicle has not been used as a taxi or for hire or for commercial transportation or by law enforcement agencies; (12) that the sale was made at Seller's place of business and was not a door-to-door sale within the definition of the Federal Trade Commission Trade Regulation Rule on the Illinois Consumer Fraud Act; and (13) that the Seller believes the Buyer to be of good moral character and that Buyer will not use or permit said vehicle to be used for unlawful purposes. If any of the foregoing representations and warranties is breached, Seller agrees to repurchase the within contract for the unpaid balance and all other indebtedness then due from Buyer thereon, together with reasonable attorneys' fees, costs and expenses incurred by Assignee.

Dated: _____ By: _____
Seller Authorized Signature Title

REPURCHASE AGREEMENT (Execute Assignment Also)

In Addition to Seller's obligations set forth in the above assignment, Seller agrees, in the event a claim or defense is asserted against Assignee by the Buyer at any time, Seller shall, on demand, repurchase the within contract for cash at a price equal to the net amount remaining unpaid on said contract; and Seller shall indemnify and hold Assignee harmless from any and all liabilities that may result at any time from any claim asserted by Buyer for recovery of amounts paid arising out of any promise, representation or warranty made by Seller or the Manufacturer to Buyer.

Dated: _____ By: _____
Seller Authorized Signature Title

FULL RECOURSE AGREEMENT (Execute Assignment Also)

In Addition to Seller's obligations to set forth in the above assignment, Seller unconditionally guarantees prompt and full payment by Buyer of the Total of Payments and all other amounts due from Buyer under the within contract. If Buyer shall fail to pay any installment when due, Seller agrees to pay Assignee, on demand, the full amount remaining unpaid on said contract. Seller agrees that it shall not be necessary for Assignee to proceed first against Buyer or to have recourse to the motor vehicle before proceeding to enforce this agreement. Extension of the time of payment or variation of terms effected by Assignee with Buyer shall not release Seller from his obligation hereunder.

Dated: _____ By: _____
Seller Authorized Signature Title

LIMITED REPURCHASE AGREEMENT (Execute Assignment Also)

In Addition to Seller's obligations set forth in the above assignment, Seller agrees, in the event that Assignee repossesses the motor vehicle described in the within contract on account of default by Buyer and delivers the same to Seller, Seller shall, on demand, repurchase said motor vehicle for cash at a price equal to the amount remaining unpaid on said contract plus all costs and expenses, including attorneys' fees, incurred by Assignee by reason of Buyer's default or in connection with repossession and delivery of the motor vehicle. This repurchase agreement shall remain in effect until Buyer has paid _____ full installments of the Total of Payments. Extension of the time of payment or variation of terms effected with the Buyer shall not release Seller from his obligation hereunder.

Dated: _____ By: _____
Seller Authorized Signature Title

LIMITED GUARANTEE AGREEMENT (Execute Assignment Also)

In Addition to Seller's obligations set forth in the above assignment, Seller unconditionally guarantees that, in the event of default by the Buyer in the full payment of any installment of the within contract when due, Seller will pay to Assignee, on demand, the unpaid balance then due on the contract up to the limit of $ _____. This guarantee shall terminate after Buyer has paid _____ full scheduled installments on the Total of Payments. Extension of the times of payment or variation of terms effected by Assignee with Buyer shall not release Seller from his obligation hereunder.

Dated: _____ By: _____
Seller Authorized Signature Title

SEPARATE ASSIGNMENT AGREEMENT (Do Not Execute Above Assignment)

Instead of the Seller's obligations set forth in the above assignment and other listed agreements (Repurchase, Full Recourse, Limited Repurchase, and Limited Guarantee), this assignment is made under the terms of a separate agreement made between Seller and Assignee.

Dated: _____ By: _____
Seller Authorized Signature Title

NO PUBLIC LIABILITY INSURANCE ISSUED WITH THIS TRANSACTION

EXHIBIT H-8

KONA ICE FRANCHISE

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

ACH AUTHORIZATION FORM

Organization Name: KONA ICE INC.

CUSTOMER BUSINESS NAME:	DATE

Effective date of authorization: _____/_____/_____

Type of authorization: ❑ New authorization ❑ Change payment amount ❑ Change payment date ❑ Change banking information ❑ Discontinue electronic payment

Last Name	First Name	
Address		
City	State	Zip
Email Address		

PAYMENT INFORMATION FOR ANNUAL ROYALTY & MARKETING FEES:

Option for monthly withdrawal (please check one): ❑ 1 Installment ❑ 3 Installments ❑ 6 Installments

Date of first payment: _____/_____/_____ Total Amount Due: $_____ Amount of monthly payment: $_____

CHECKING / SAVINGS

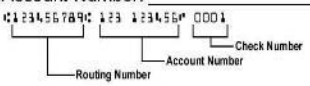
Please debit payment from my (check one):

❑ Savings Account (contact your financial institution for Routing #)

❑ Checking Account (staple a voided check below)

Routing Number: _____
Valid Routing # must start with 0, 1, 2, or 3

Account Number: _____



I authorize the above organization to process debit entries to my account. I understand that this authority will remain in effect until I provide reasonable notification to terminate the authorization.

Authorized Signature:_____ Date:_____

If using a checking account, please attach a voided check to the bottom of this page.

EXHIBIT H-9

KONA ICE FRANCHISE

SAMPLE ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is entered into as of _____, 20__ ("Effective Date"), by and among _____ a _____ _____ and its owners, _____ (together, the "Franchisee"), and Kona Ice, Inc., a Kentucky corporation ("Kona Ice"). Franchisee and Kona Ice shall each be a "Party" and collectively, the "Parties".

RECITALS

WHEREAS: Franchisee, entered into a franchise agreement with Kona Ice, Inc. dated _____, 20__ ("Franchise Agreement") to operate a Kona Ice business;

WHEREAS: (the Franchise Agreement is being terminated/is expiring/is being transferred) and Kona Ice is exercising its right of first refusal to purchase certain Assets (as defined below) of Franchisee; and

WHEREAS, subject to the terms and conditions of the Franchise Agreement and those contained herein, Franchisee has agreed to sell, convey, assign, transfer and deliver to Kona Ice, and Kona Ice has agreed to purchase and accept delivery of, all of Franchisee's rights, title and interest in and to the Assets (as defined below);

NOW, THEREFORE, in consideration of the promises, agreements, covenants, and representations contained herein, and other good and valuable consideration, the receipt and sufficiency of which is thereby acknowledged, the Parties agree as follows:

I. Purchase and Sale of Assets; Purchase Price.

A. Subject to the provisions set forth herein, Franchisee hereby sells, conveys, assigns, transfers and sets over unto Kona Ice all of Franchisee's right, title and interest in, to and under the assets set forth on Attachment 1 ("Assets") free and clear of any and all liens, in exchange for the Purchase Price (as hereinafter defined), and Kona Ice hereby accepts such conveyance, assignment, transfer and delivery.

B. As consideration for the transfer of the Assets by Franchisee to Kona Ice, Kona Ice shall pay to Franchisee funds in the amount of the aggregate purchase price for the Assets set forth on Attachment 1 ("Purchase Price"), by wire transfer of immediately available funds. Franchisee and Kona Ice agree to allocate the Purchase Price among the Assets for all purposes in accordance with Attachment 1.

C. Franchisee shall transfer title to the Assets to Kona Ice, free and clear of any and all liens or encumbrances, simultaneously with receipt of Kona Ice's payment(s) of the Purchase Price to Franchisee, and upon receipt of this Agreement.

II. Kona Ice's Assumption of Liabilities. Kona Ice hereby assumes any liabilities related to the Assets arising from and after the Effective Date. Franchisee agrees to maintain insurance on the Assets until all assets are in the possession of Kona Ice. Risk of loss transfers only upon actual delivery of the Assets to Kona Ice. This Agreement remains contingent upon the Assets being as represented by Franchisee, namely, in reasonably good condition, as determined in Kona Ice's reasonable discretion, considering factors such as age and mileage.

III. Representations and Warranties.

A. Franchisee hereby represents and warrants to Kona Ice, as of the Effective Date, as follows:

1. Franchisee is a _____, validly existing under the laws of the State of _____.

2. Franchisee has valid, good and marketable title to the Assets and such Assets are transferred free and clear of all liens. Franchisee has the unrestricted right to transfer, assign, convey and delivery to Kona Ice all right, title and interest in and to the Assets.

3. Franchisee has the requisite power, authority and legal capacity to execute, deliver and perform this Agreement and to consummate the transactions contemplated herein. Franchisee has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

4. The execution, delivery and performance by Franchisee of this Agreement constitute the legal, valid and binding obligations of Franchisee enforceable against it in accordance with its terms, and the consummation by Franchisee of the transactions contemplated herein do not and will not violate or conflict in any way with any provision of Franchisee's articles of incorporation or bylaws.

5. Franchisee or its owner(s) has prepared in a correct and complete (in all material respects) manner and filed all federal, state, county, local, and foreign tax returns and reports (including but not limited to, sales taxes, use taxes, payroll taxes, unemployment insurance and business personal property taxes, each a "Tax" and collectively, the "Taxes") heretofore required to be filed by Franchisee and have paid all taxes shown as due thereon along with any fine, penalty, interest, late charge or loss owed thereunder; and no taxing authority has asserted any deficiency in the payment of any Tax or informed Franchisee that it intends to assert any such deficiency or to make any audit or other investigation of Franchisee for the purpose of determining whether such a deficiency should be asserted against Franchisee. There are no encumbrances, nor to Franchisee's knowledge will there be any encumbrances in the future, on any of the Assets that arose in connection with any failure (or alleged failure) to pay any Tax.

B. Kona Ice represents and warrants to Franchisee, as of the date hereof, as follows:

1. Kona Ice is a corporation validly existing under the laws of the State of Kentucky.

2. Kona Ice has the requisite power, authority and legal capacity to execute, deliver and perform this Agreement and to consummate the transactions contemplated herein. Kona Ice has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

3. The execution, delivery and performance by Kona Ice of this Agreement constitute the legal, valid and binding obligations of Kona Ice enforceable against it in accordance with its terms, and the consummation by Kona Ice of the transactions contemplated herein do not and will not violate or conflict in any way with any provision of Kona Ice's certificate of formation or limited liability company agreement.

C. All representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement for the applicable statute of limitations period.

IV. Franchisee's Obligations. On the Effective Date, Franchisee shall deliver to Kona Ice the following:

A. A Bill of Sale attached hereto as Attachment 2 for all equipment and any such other documents as Kona Ice may reasonably request in order to accomplish the sale of the Assets to Kona Ice, all of which shall be (i) duly executed by Franchisee (and/or its owner(s)) and (ii) in form and substance reasonably satisfactory to Kona Ice.

B. Receipt or other evidence acceptable to Kona Ice that all Taxes have been paid in full prior to the Effective Date.

C. Such other documents as are reasonably requested by Kona Ice in order to effect the transfer of Assets described in this Agreement.

V. Miscellaneous

A. This Agreement represents the full and complete agreement of the Parties with respect to the subject matter hereof, and this Agreement supersedes and replaces any prior agreements, whether oral or written. Any amendments or modifications of this Agreement must be in writing and executed by both Parties.

B. This Agreement shall be construed and interpreted under the laws (without reference to choice or conflict of laws) of the State of Kentucky, and resolution of any claims thereunder shall be as set forth in the Franchise Agreement.

C. If one or more provisions of this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

D. This Agreement may be executed in counterparts and by different Parties on different counterparts with the same effect as if the signatures thereto were on the same instrument. This Agreement shall be effective and binding upon all Parties thereto as of the date when all Parties have executed a counterpart of this Agreement.

E. Each Party agrees that it has had ample opportunity to confer with legal counsel of its choice and each shall pay its own costs incurred therein. The Parties acknowledge that there can be different state requirements regarding titles, taxes, and escrow and agree that they have investigated such requirements as they may relate to the transaction contemplated herein and have provided for them in this Agreement as may be necessary.

F. Each individual and entity that comprises Franchisee shall be jointly and severally liable for the obligations of Franchisee.

G. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

H. At any time and from time to time after the Effective Date: (a) Franchisee shall execute and deliver or cause to be executed and delivered to Kona Ice such other instruments and take such other action, all as Kona Ice may reasonably request, in order to carry out the intent and purpose of this Agreement; and (b) Kona Ice shall execute and deliver or cause to be executed and delivered to Franchisee such other instruments and take such other action, all as Franchisee may reasonably request, in order to carry out the intent and purpose of this Agreement.

I. Each Party agrees that the terms of this Agreement shall remain confidential.

IN WITNESS WHEREOF, each of the Parties thereto has caused this Agreement to be duly executed to be effective as of the Effective Date written above.

FRANCHISEE: _____

_____
By: _____
Its: _____

KONA ICE, INC.

_____
By: Tony Lamb
Its: CEO

OWNERS

_____
Name: _____

_____
Name: _____

ATTACHMENT 1
ASSETS AND PURCHASE PRICE

ASSETS:

PURCHASE PRICE AND ALLOCATION:

ATTACHMENT 2
BILL OF SALE

THIS BILL OF SALE ("Bill of Sale") is effective as of 12:01 a.m. on _____ _____, 20__, by and between _____, a _____ _____ ("Seller") and Kona Ice, Inc., a Kentucky corporation ("Purchaser"). Purchaser and Seller may each be referred to herein as a "Party.

Seller and Purchaser are parties to that certain Asset Purchase Agreement dated_____, 20__ ("Purchase Agreement"), pursuant to which Seller has agreed to sell the Assets to Purchaser and Purchaser has agreed to purchase the Assets from Seller. Capitalized terms used but not defined herein have the meanings ascribed to them in the Purchase Agreement.

The Parties, intending to be legally bound, agree as follows:

1. For true and lawful consideration, the sufficiency of which is hereby acknowledged, Seller hereby sells, assigns, transfers, conveys and delivers to Purchaser, its successors and assigns, to have and to hold forever, all of Seller's right, title and interest in and to the Assets referenced in the Purchase Agreement.

2. The sale, assignment, transfer, conveyance and delivery of the Assets under this Bill of Sale is subject to and in accordance with the provisions of the Purchase Agreement and its Attachments and is not intended to and does not expand, limit, alter or modify the rights and obligations of the parties thereunder. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

3. If any provision of this Bill of Sale is held invalid or unenforceable by any court of competent jurisdiction, it is the intent of the Parties that all other provisions of this Bill of Sale be construed to remain fully valid, enforceable, and binding on the parties. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Kentucky, without giving effect to any conflict of laws principles. This Bill of Sale may be executed in several counterparts, and each executed counterpart shall be considered an original.

IN WITNESS WHEREOF, Seller and Purchaser have each signed this Bill of Sale as of the day and year first set forth above.

SELLER: _____	**PURCHASER: KONA ICE, INC.**
_____	_____
By: _____	By: Tony Lamb
Its: _____	Its: CEO

EXHIBIT H-10

KONA ICE FRANCHISE

FRANCHISE AGREEMENT TRANSFER ADDENDUM

This Franchise Agreement Transfer Addendum ("**Transfer Addendum**") is made and entered into as of [date] ("**Effective Date**"), by and between KONA ICE, INC., a Kentucky corporation (**"Franchisor"**) and **[Entity Name]**, d/b/a ["DBA Name"], a(n) [state] [type of entity] (**"Franchisee"**) (each, a **"Party"** and together, the **"Parties"**).

BACKGROUND

A. Franchisor and Franchisee are parties to a Franchise Agreement (the "**Franchise Agreement**") [dated/dated as of] [date] as a result of an approved transfer of a franchised business of Franchisor ("**Franchised Business**").

B. Franchisor and Franchisee desire to amend the Franchise Agreement to reflect Franchisee's status as a transferee franchisee for the Franchised Business.

C. All capitalized terms not otherwise defined in this Transfer Addendum shall have the meanings set forth in the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties and subject to the following terms and conditions, it is agreed as follows:

1. Franchisor and Franchisee agree that because the Franchised Business is already open and operating and being acquired via a transfer, Franchisee and Franchisor shall be relieved of performing certain pre-opening and development obligations set forth in the Franchise Agreement. Specifically:

   a. Franchisee has already acquired the truck and, if applicable, additional equipment (**"Assets"**) under Section 3.B of the Franchise Agreement upon transfer of the Franchised Business. Section 3.B of the Franchise Agreement is hereby amended accordingly. If any equipment is required for the Assets as set forth in Section 3.B of the Franchise Agreement, Franchisee agrees to purchase such items from Franchisor prior to operating the Assets.

   b. Because Franchisee is a transferee franchisee, Franchisee shall not be required to pay the Initial Franchise Fee. Section 4.A of the Franchise Agreement is hereby amended accordingly.

   c. If Franchisee is an existing franchisee under the Kona Ice system, Franchisee shall not be required to attend Initial Training and there shall be no Initial Training Deadline. Accordingly, Franchisor is under no obligation to provide Initial Training to Franchisee. If Franchisee is not an existing franchisee under the Kona Ice system, Franchisee shall complete the initial training program contained in Item 11 and Franchise Agreement Section 5 prior to beginning operation of the Kona Ince franchise. Notwithstanding the foregoing, any successor Designated Manager must attend Initial Training and additional persons may attend the Initial Training in accordance with the terms of the Franchise Agreement; such Designated Managers

and/or additional persons shall be required to pay for hotel and transportation costs associated with attending Initial Training. Section 5.A of the Franchise Agreement is hereby amended accordingly.

d. Section 3.F(3) is hereby deleted and replaced with "Intentionally left blank."

2. This Transfer Addendum constitutes the entire and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes any and all prior agreements. No amendment, change, or variance from this Transfer Addendum shall be binding on either party unless mutually agreed to in a writing signed by both parties.

3. This Transfer Addendum forms an integral part of the Franchise Agreement. The terms of this Transfer Addendum shall control if they conflict with the terms of the Franchise Agreement. Except as modified or supplemented by this Transfer Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the Parties have executed this Transfer Addendum as of the day and year first written above.

[FULL ENTITY NAME]	KONA ICE, INC.
_____	_____
By: [Signing Owner's Name]	By: Tony Lamb
Its: [Title of Signing Owner]	Its: CEO

EXHIBIT H-11

KONA ICE FRANCHISE

SAMPLE ADDITIONAL EQUIPMENT AMENDMENT TO FRANCHISE AGREEMENT

This "**Amendment**" is made and entered into as of the effective date listed in the signature block ("**Effective Date**") by and between Kona Ice, Inc., a Kentucky corporation ("**Franchisor**") and the Franchisee identified on the signature block below ("**Franchisee**"), with reference to the following facts:

A. The parties have entered into a Kona Ice franchise agreement pursuant to which Franchisee will operate a Kona Ice Franchise (the "**Franchise Agreement**").

B. Subject to the conditions of the Franchise Agreement, Franchisee has the option to purchase additional Kona Ice equipment ("**Additional Equipment**") for use in the Franchisee's Protected Territory.

C. The parties hereto desire to amend the Franchise Agreement as set forth herein. Unless defined herein, all capitalized terms used herein shall have the meaning in the Franchise Agreement.

NOW, THEREFORE, for and in consideration of the covenants, warranties, and mutual agreements contained herein, the parties hereto agree as follows:

1. **ADDITIONAL EQUIPMENT.** Franchisee desires to purchase the following Additional Equipment for use in the Protected Territory and shall pay the Additional Equipment royalty listed for such equipment under the Franchise Agreement and this Amendment for so long as Franchisee owns the Additional Equipment.

Equipment	Purchase Amount	Additional Equipment Royalty	Additional Equipment Royalty Payment Terms

Franchisee must present evidence to Franchisor, as required by Franchisor in its sole discretion, that Franchisee no longer owns the Additional Equipment prior to Franchisee being excused from paying any further Additional Equipment Royalties. Franchisee shall not be entitled to receive a refund on any Additional Equipment Royalty paid. Franchisee acknowledges and agrees that the Additional Equipment Royalty may increase upon renewal of the Franchise Agreement and agrees to pay Franchisor the then-current Royalty amount upon any such renewal.

2. **AMENDMENT BINDING**. This Amendment will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

3. **NO FURTHER CHANGES**. Except as specifically provided in this Amendment, all the terms, conditions, and provisions of the Franchisee Agreement will remain in full force and effect as

originally written and signed. In the event of any inconsistency between the Franchise Agreement and this Amendment, this Amendment shall control.

IN WITNESS WHEREOF, the parties duly executed this Amendment as of the dates listed below.

Kona Ice, Inc.,
a Kentucky Corporation

By: _____

Printed Name: _____

Title: _____

*Date: _____

***Effective Date**

FRANCHISEE:

_____
Company Name

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT H-12

KONA ICE FRANCHISE

KONA FUNDRAISING SERVICES AMENDMENT TO FRANCHISE AGREEMENT

This Kona Fundraising Services Amendment ("**Amendment**") is made and entered into as of _____ ("**Effective Date**") by and between Kona Ice, Inc., a Kentucky corporation, ("**Franchisor**") and the franchisee identified in the signature block below ("**Franchisee**"), with reference to the following facts:

BACKGROUND

A. The parties have entered into a Kona Ice franchise agreement pursuant to which Franchisee operates a Kona Ice Franchise ("**Franchise Agreement**") in the territory ("**Protected Territory**") described in Attachment A to the Franchise Agreement.

B. Subject to the conditions of the Franchise Agreement, Franchisee has been granted the option to offer Kona fundraising services ("**Kona Fundraising Services**") related to fundraising in Franchisee's Protected Territory.

C. The parties desire to amend the Franchise Agreement as set forth in this Amendment. Unless defined herein, all capitalized terms used in this Amendment shall have the meaning in the Franchise Agreement.

NOW, THEREFORE, for and in consideration of the covenants, warranties, and mutual agreements contained herein, the parties hereto agree as follows:

1. **KONA FUNDRAISING SERVICES**. Franchisee desires to offer the following Kona Fundraising Services in the Protected Territory: market, advertise, promote, solicit orders, and provide limited customer support for a cloud-based software service which allows third-party fundraisers to streamline and enhance fundraising efforts ("**Product**"). Franchisee will offer the Kona Fundraising Services to customers in its Protected Territory as a non-exclusive independent sales representative for Franchisor's affiliate, Kona Ice Fundraising, LLC ("**KIF**").

2. **SALES REPRESENTATIVE AGREEMENT**. Franchisee agrees to enter into an agreement ("**Sales Representative Agreement**") with KIF for the purpose of marketing and offering the Product and performing related services to customers in Franchisee's Protected Territory and agrees to abide by the terms and conditions of the Sales Representative Agreement. The current form of Sales Representative Agreement is attached as Attachment 1. Franchisor is not a party to the Sales Representative Agreement.

3. **COSTS AND EXPENSES**. Franchisee will be solely responsible for all costs and expenses incurred in marketing the Kona Fundraising Services and supporting its customers in their use of the Product.

4. **CERTIFICATION REQUIREMENT**. Franchisee must satisfactorily complete Franchisor's online training course prior to offering or marketing the Kona Fundraising Services.

5. **ACCESS TO DATA AND INFORMATION**. Franchisor will have the right to access and use all data that Franchisee collects, creates, provides, or otherwise develops in connection with providing the Kona Fundraising Services, and Franchisor will have the right to use

such data in any manner Franchisor deems appropriate, including but not limited to in Franchisor's Franchise Disclosure Document, without compensation to Franchisee. Upon reasonable request, Franchisee will furnish to Franchisor, in whatever format Franchisor requires, all information, data and records related to its performance of the Kona Fundraising Services.

6. **TERM**. Franchisee acknowledges that the offering of Kona Fundraising Services is exploratory and part of a pilot program as of the Effective Date. Accordingly, Franchisor has the right to discontinue the Kona Fundraising Services program at any time, and Franchisee agrees it will exercise its right to terminate the Sales Representative Agreement upon notice as set forth in the Sales Representative Agreement and cease all Kona Fundraising Services. Notwithstanding the above, this Amendment will terminate upon termination of the Franchise Agreement or as otherwise allowed under the Franchise Agreement or by KIF under the Sales Representative Agreement.

7. **AMENDMENT BINDING**. This Amendment will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns. This Amendment may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

8. **NO FURTHER CHANGES**. Except as specifically provided in this Amendment, all the terms, conditions, and provisions of the Franchisee Agreement will remain in full force and effect as originally written and signed. In the event of any inconsistency between the Franchise Agreement and this Amendment, this Amendment shall control.

IN WITNESS WHEREOF, the parties duly executed this Amendment as of the dates listed below.

KONA ICE, INC., a Kentucky corporation	**FRANCHISEE:**
	_____ Company Name
By: _____	a _____
Printed Name: _____	By: _____
Title: _____	Printed Name: _____
Date: _____	Title: _____

ATTACHMENT 1 TO KONA FUNDRAISING SERVICES AGREEMENT

SALES REPRESENTATIVE AGREEMENT

This Sales Representative Agreement ("**Agreement**") is entered into by and between Kona Ice Fundraising, LLC, a Delaware limited liability company having its principal place of business at 5945 Centennial Circle, Florence, KY 41042 ("**KIF**"), and the undersigned Sales Representative entity ("**Sales Representative,**" and together with KIF, the "**Parties,**" and each, a "**Party**").

WHEREAS, KIF is in the business of developing, licensing, and selling a cloud-based software service which allows third-party fundraisers (e.g. schools, sports leagues, etc.) to streamline and enhance fundraising efforts ("**Product**");

WHEREAS, under agreement(s) with a KIF affiliate, Kona Ice, Inc., Sales Representative is a Kona Ice franchisee in the business of marketing and selling shaved ice, ice cream, and related products to, among others, consumers and those that hold events for fundraising and other purposes;

WHEREAS, Sales Representative wishes to assist KIF as an independent sales representative to solicit orders for the Product in the Territory (as defined below); and

WHEREAS, KIF wishes to engage Sales Representative as an independent sales representative to solicit orders for the Product in the Territory, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, terms, and conditions set out herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions.**

1.1 "**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, or investigation of any nature, whether civil, criminal, administrative, regulatory, or other, and whether at law, in equity, or otherwise.

1.2 "**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, this Person.

1.3 "**Campaign Initiation Form**" means the online form to be completed by Sales Representative and submitted to KIF which sets forth details on use of the Product in connection with a specific Fundraising Campaign for a Customer.

1.4 "**Control**" (and with correlative meanings, the terms "Controlled by" and "under common Control with") means, regarding any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of another Person, whether through the ownership or voting securities, by contract, or otherwise.

1.5 "**Competing Business**" means any website, application, or other digital platform that organizes, facilitates, or otherwise assists a Person in fundraising and/or related activities (e.g., marketing or promoting fundraising programs/efforts, soliciting donors, processing the payment of donations, etc.).

1.6 "**Customer**" means the licensee of the Product that: (a) has ordered a Product from Sales Representative for its own internal use and not for resale, remarketing, or distribution; and (b) is an entity located in the Territory.

1.7 "**Customer Fees**" means the amounts paid by Customer for use of the Product pursuant to the Purchase Contract and generally reflecting a percent of all donations received in connection with a given Fundraising Campaign.

1.8 "**Excluded Customer**" means any customer located outside of the Territory or that first initiates contact with KIF in connection with the Product.

1.9 "**Franchise Agreement**" means the agreement between Sales Representative and Kona Ice, Inc. which establishes Sales Representative as a Kona Ice Franchise having the right to own and operate a Kona Ice Business.

1.10 "**Fundraising Campaign**" means the fundraising campaign identified in a Campaign Initiation Form which includes, at a minimum, the entity soliciting donations, the purpose for which donations will be solicited, and the start and end date for the campaign.

1.11 "**Governmental Authority**" means any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations, or orders of such organization or authority have the force of Law), or any arbitrator, court, or tribunal of competent jurisdiction.

1.12 "**Intellectual Property Rights**" means all industrial and other intellectual property rights comprising or relating to: (a) patents; (b) trademarks; (c) Internet domain names, whether or not trademarks registered by any authorized private registrar or Governmental Authority, web addresses, web pages, websites, and URLs; (d) works of authorship, expressions, designs, and design registrations, whether or not copyrightable, including copyrights and copyrightable works, software, and firmware, application programming interfaces, architecture, files, records, schematics, data, data files, and databases and other specifications and documentation; (e) trade secrets; and (f) all industrial and other intellectual property rights, and all rights, interests, and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights or forms of protection under the Laws of any jurisdiction throughout in any part of the world.

1.13 "**KIF's Intellectual Property Rights**" means all Intellectual Property Rights owned by or licensed to KIF.

1.14 "**Law**" means any statute, law, ordinance, regulation, rule, code, constitution, treaty, common law, governmental order, or other requirement or rule of law of any Governmental Authority.

1.15 "**Person**" means any individual, partnership, corporation, trust, limited liability entity, unincorporated organization, association, Governmental Authority, or any other entity.

1.16 "**Personnel**" means agents, employees, or subcontractors engaged or appointed by the referenced entity.

1.17 "**Product**" has the meaning set out in the preamble of this Agreement and as specifically identified in **Schedule 1**, as KIF may amend from time to time.

1.18 "**Product License Agreement**" means the agreement (which may be online terms and conditions) governing a Customer's license to the Product for use in connection with a Fundraising Program.

1.19 "**Purchase Contract**" means the online and/or other terms Customer agrees to and that forms the agreement between KIF and the Customer with respect to the Product.

1.20 "**Representatives**" means Affiliates, employees, officers, directors, partners, owners, shareholders, agents, attorneys, third-party advisors, successors, and permitted assigns.

1.21 "**Sales Representative**" means the undersigned entity entering this Agreement with KIF.

1.22 "**Sales Representative Contract**" means any contract or agreement to which Sales Representative is a party or to which any of its material assets are bound.

1.23 "**Term**" shall have the meaning ascribed to it in Section 8.1.

1.24 "**Territory**" shall mean the Protected Territory as such terms is defined in the Franchise Agreement.

1.25 "**Trademarks**" means all rights in and to US and foreign trademarks, service marks, trade dress, trade names, brand names, logos, trade dress, corporate names, and domain names and other similar designations of source, sponsorship, association, or origin, together with the goodwill symbolized by any of the foregoing, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection in any part of the world.

1.26 "**Training**" means all Product-related training required or recommended to Sales Representative by KIF.

2. **Appointment as Sales Representative.**

2.1 **Appointment**. KIF hereby appoints Sales Representative, and Sales Representative accepts such appointment, to act as a non-exclusive independent sales representative of the Product to Customers in the Territory during the Term, solely in accordance with the terms and conditions of this Agreement. KIF may in its sole discretion, whether directly or through an unaffiliated third party, sell the Products to any other Person, including Excluded Customers and other customers.

2.2 **Excluded Customers**. Notwithstanding Section 2.1, KIF does not appoint Sales Representative as a sales representative for the Excluded Customers. Unless otherwise agreed to in writing by KIF, as determined in its sole discretion, Sales Representative acknowledges and agrees that it is not entitled to any Commission or other compensation for any sale made to an Excluded Customer.

2.3 **Status as Independent Contractor**.

2.3.1 Sales Representative is an independent contractor pursuant to this Agreement.

2.3.2 Nothing in this Agreement creates any agency, joint venture, partnership, or other form of joint enterprise, employment, or fiduciary relationship between the Parties or an employee/employer relationship. Sales Representative is an independent contractor under this Agreement. Neither Party has any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement, or undertaking with any third party.

2.3.3 The operations of the Sales Representative are subject to the sole control of Sales Representative. All Personnel of Sales Representative are employees or Representatives of the Sales Representative and not of KIF. Sales Representative agrees to and will conduct all its business in its own name and in such a manner as it may see fit, set its own hours, and supervise its own workers. KIF shall have no right or obligation to supervise the day-to-day conduct of Sales Representative or its workers. Sales Representative shall have sole control of the manner and means of performing under this Agreement, subject to the terms and conditions of this Agreement.

2.3.4 Sales Representative shall be solely responsible for any and all costs or expenses, including travel and administrative costs, that it and any of its Personnel may incur in the performance of its obligations hereunder, as well as any and all taxes and fees associated with doing business as an independent contractor.

2.4 **No Franchise or Business Opportunity Agreement.** The Parties acknowledge and agree:

2.4.1 This Agreement is not a franchise or business opportunity agreement and does not create a franchise or business opportunity relationship between the Parties. If any provision of this Agreement is deemed to create a franchise or business opportunity relationship between the Parties, then KIF may immediately terminate this Agreement upon written Notice to Sales Representative.

2.4.2 The Product is not a part of the Kona Ice Business as defined in the Franchise Agreement.

2.4.3 Kona Ice, Inc. is not a party to this Agreement and this Agreement does not modify, amend, or otherwise impact the terms of the Franchise Agreement.

3. Sales Representative Performance Obligations

3.1 **Marketing the Product.** Sales Representative shall, in good faith and at its own expense:

3.1.1 complete all required Training in a timely fashion;

3.1.2 market, advertise, promote, and solicit the sale of the Product to prospective and existing Customers consistent with good business practice, in each case using its best efforts to maximize Product sales volume in the Territory;

3.1.3 observe all directions and instructions given to it by KIF in relation to the marketing, advertisement, and promotion of the Product, including KIF's sales and marketing policies as they currently exist or as they may hereafter be created or changed by KIF;

3.1.4 make no false or misleading representation with respect to KIF or the Product or make any representation on behalf of KIF with respect to KIF or the Products;

3.1.5 in all contact between Sales Representative and any Customer, identify to the Customer Sales Representative's full legal name, trade name, or both;

3.1.6 market, advertise, promote, and resell Products and conduct business in a manner that always reflects favorably on Product and the good name, goodwill, and reputation of KIF; and

3.1.7 promptly notify KIF of and address and investigate any complaint or adverse claim about any Product or its use of which Sales Representative becomes aware.

3.2 **Provide Limited Customer Support.** On and after the Effective Date, Sales Representative shall, at its own expense:

3.2.1 have sufficient knowledge of KIF's Product and the industry so as to be able to explain in detail to the Customers the features and other aspects of the Product;

3.2.2 ensure that an adequate number of trained, capable, and qualified technical Personnel with sufficient knowledge of the Product are available during normal business hours to assist Customers; and

3.2.3 respond to Customers with respect to the general operation and use of the Product, including: (i) acting as a liaison between Customers and KIF in matters requiring KIF's participation; (ii) providing general Product information and configuration support on standard protocols and features; and (iii) collecting relevant technical problem identification information.

3.3 **Prohibited Acts.** Notwithstanding anything to the contrary in this Agreement, neither Sales Representative nor its Personnel shall:

3.3.1 except as may be indirectly connected to the Commission under Section 6, directly or indirectly attempt to and/or actually assess, charge, or receive any compensation, fee, reimbursement, consideration, or other benefit from any Customer or Customer Affiliate, or their respective Personnel or Representatives, in connection with the Product or this Agreement;

3.3.2 bundle or condition the sale, provision, or access to the Product on any other product or service offered by Sales Representative or any third party (e.g., if Customer buys X, Customer can receive the Product);

3.3.3 directly collect any cash or check donation on behalf of a Customer or a Fundraising Campaign;

3.3.4 make any representations, warranties, guarantees, indemnities, similar claims, or other commitments: (i) actually, apparently, or ostensibly on behalf of KIF; or (ii) to any Customer regarding the Product, which representations, warranties, guarantees, indemnities, similar claims, or other commitments are additional to or inconsistent with any then-existing representations, warranties, guarantees, indemnities, similar claims, or other commitments in this Agreement or any written documentation provided by KIF to Sales Representative;

3.3.5 engage in any unfair, competitive, misleading, or deceptive practices with respect to the Product, including any product disparagement and any trade libel of KIF or any competitor or other third party;

3.3.6 not modify, alter, reverse engineer, or otherwise change the Product, or any end user license agreements or warranty statements; or

3.3.7 in connection with the Product: (i) serve as or agree to serve as a professional fundraiser, paid solicitor, fundraising counsel, or commercial co-venturer for any Customer; (ii) or solicit or attempt to solicit any donations or funds for or on behalf of a Customer; or (iii) take any action which would subject Sales Representative, KIF, and/or the Product to any obligations under any federal, state, or local charitable solicitation or similar Law regulating the activities or charitable organizations and/or those entities or individuals that assist such charitable organizations in soliciting donations.

4. **KIF Performance Obligations.** During the Term, KIF shall provide:

4.1 any information and support that KIF usually makes available to other sales representatives as may be reasonably requested by Sales Representative regarding the marketing, advertising, promotion, and sale of Product in the Territory under this Agreement;

4.2 in KIF's discretion, allow Sales Representative to participate in any marketing, advertising, promotion, and sales programs that KIF may make generally available to its other authorized sales representatives of Product;

4.3 such Training as is sufficient to enable Sales Representative to provide the limited support to Customers described in Section 3.2;

4.4 approve or reject, in its reasonable discretion, any promotional information or material submitted by Sales Representative for KIF's approval within a reasonable timeframe;

5. **Campaign Initiation Form & Product License Agreement.**

5.1 **General**. All orders solicited by Sales Representative from Customers are subject to acceptance, rejection, or modification by KIF under Section 5.2. Without limiting the generality of Section 2.3, Sales Representative shall have no authority to enter into any contract on behalf of KIF or to otherwise bind KIF to sell or deliver any Product to any Customer.

5.2 **Process**. For each proposed use of the Product for a Fundraising Campaign by a Customer in the Territory, Sales Representative shall complete and submit to KIF a Campaign Initiation Form. Sales Representative shall provide KIF any information requested in connection with a given Campaign Initiation Form. It shall be Sales Representative sole responsibility to ensure all information set forth in the Campaign Initiation Form is accurate and complete. KIF shall review all Campaign Initiation Forms received, and within commercially reasonable time frame, provide Sales Representative written notification of KIF's acceptance or rejection of the same.

5.2.1 KIF will provide written confirmation to Sales Representative upon acceptance of a Campaign Initiation Form and set up within the Product. KIF will also provide Sales Representative links to the hosted page(s) for the Fundraising Campaign and other relevant information for sharing with the Customer.

5.2.2 In the event of a rejection of a Campaign Initiation Form, KIF shall provide Sales Representative appropriate detail on why the Campaign Initiation Form was rejected. Notwithstanding anything herein to the contrary, KIF reserves the right, in its sole discretion, to: (i) accept, decline to accept, or negotiate directly with the Customer any proposed use of the Product; and/or (ii) negotiate any terms and conditions of the Purchase Contract with Customer, including any modifications to the Product, and the applicable Fees and/or payment terms. Sales Representative acknowledges that KIF's exercise of discretion may result in no Commission earned, or a reduction or delay in the payment of Commission earned, for Sales Representative under this Agreement.

6. **Commission.**

6.1 **Commission**. Subject to Section 6.2, Sales Representative shall earn a commission ("**Commission**") for the Fundraising Campaign that results from a completed sale of the Product in the Territory that was solicited by Sales Representative. The Commission shall be 72.53% percent of Customer Fees. Sales Representative expressly acknowledges and agrees that Commission may be changed by KIF from time to time based on a variety of factors, including KIF's backend and other applicable costs in facilitating Fundraising Campaigns, adjustments to the Customer Fees, market conditions, etc. Accordingly, notwithstanding the Commission amount identified herein, KIF shall have the right to change the Commission upon thirty (30) days' written notice (email shall suffice) to Sales Representative (each, a "**Commission Notice**"); *provided,* a change in Commission shall not apply to any Fundraising Campaign

where applicable Campaign Initiation Form was accepted by KIF pursuant to Section 5.2.1 prior to issuance the applicable Commission Notice.

6.2 **Commission Payment Terms**. Commissions are earned by Sales Representative only when KIF actually receives unconditional payment of all Customer Fees under the corresponding Purchase Contract..

6.3 KIF shall pay Sales Representative upon completion of the Fundraising Campaign and finalization of all accounting with/by the Customer.

6.4 KIF shall make all Commission payments in US dollars by check.

6.5 For the avoidance of doubt, Sales Representative shall not be entitled to any Commission or other compensation:

6.5.1 for any sale made to an Excluded Customer;

6.5.2 to the extent that KIF takes any action that reduces the Customer Fee payable by any Customer pursuant to Section 5.2 or otherwise; or

6.5.3 that contravenes any Law.

6.6 **Setoff Right.** KIF may withhold payment of and charge back to Sales Representative any Commissions earned under this Agreement by reason of any setoff of any claim or dispute with Sales Representative, relating to Sales Representative's breach or otherwise.

6.7 **Disputes.** Sales Representative shall notify KIF in writing of any dispute regarding any Commission payment (along with a reasonably detailed description of the dispute) within fifteen (15) days from the Sales Representative's receipt of such Commission payment. Sales Representative will be deemed to have accepted and agreed with all Commission payments for which KIF does not receive timely notification of disputes. The Parties shall seek to resolve all such disputes expeditiously and in good faith. Notwithstanding anything to the contrary, Sales Representative shall continue performing its obligations under this Agreement during any such dispute.

7. **Intellectual Property Rights.**

7.1 **Ownership**. Subject to the express rights and licenses granted by KIF in this Agreement, Sales Representative acknowledges and agrees that:

7.1.1 any and all of KIF's Intellectual Property Rights are the sole and exclusive property of KIF or its licensors;

7.1.2 Sales Representative shall not acquire any ownership interest in any of KIF's Intellectual Property Rights under this Agreement;

7.1.3 any goodwill derived from the use by Sales Representative of KIF's Intellectual Property Rights inures to the benefit of KIF or its licensors, as the case may be;

7.1.4 if Sales Representative acquires any Intellectual Property Rights in or relating to any product (including any Product) purchased under this Agreement (including any rights in any Trademarks, derivative works, or patent improvements relating thereto), by operation of law, or otherwise, these rights are deemed and are hereby irrevocably assigned to KIF or its licensors, as the case may be, without further action by either Party; and

7.1.5 Sales Representative shall use KIF's Intellectual Property Rights solely for the purposes of performing its obligations under this Agreement and only in accordance with this Agreement and the instructions of KIF.

7.2 **KIF Trademark License Grant**. Subject to the terms and conditions of this Agreement, KIF hereby grants to Sales Representative a non-exclusive, non-transferable, and non-sublicensable license to use the KIF Trademarks in the Territory during the Term solely on or in connection with the promotion, advertising, and sale of the Product in accordance with the terms and conditions of this Agreement and as approved by KIF in writing in advance in each instance. Sales Representative will promptly discontinue the display or use of any KIF Trademark to change the manner in which a Trademark is displayed or used with regard to the Products when requested by KIF. Other than the express licenses granted by this Agreement, KIF grants no right or license to Sales Representative, by implication, estoppel, or otherwise, to the Products or any Intellectual Property Rights of KIF.

7.3 **Marketing Right Only.** Sales Representative is authorized to market the Product only in the form as authorized by KIF to Sales Representative. Other than the express licenses granted by this Agreement, KIF grants no right or license to Sales Representative by implication, estoppel, or otherwise to the Products or any of KIF's Intellectual Property Rights. To the extent that Sales Representative translates or causes to be translated any of KIF's marketing materials or other documentation, Sales Representative hereby irrevocably assigns all copyrights in such translations to KIF, subject to a non-exclusive, non-transferable, and non-sublicensable license to Sales Representative, hereby granted by KIF, to use such translations in the Territory during the Term solely on or in connection with the promotion, advertising, sale, or use of the Product permitted under this Agreement.

7.4 **Prohibited Acts**. Sales Representative shall not:

7.4.1 take any action that may interfere with any of KIF's rights in or to KIF's Intellectual Property Rights, including KIF's ownership or exercise thereof;

7.4.2 challenge any right, title, or interest of KIF in or to KIF's Intellectual Property Rights;

7.4.3 make any claim or take any action adverse to KIF's ownership of KIF's Intellectual Property Rights;

7.4.4 register or apply for registrations, anywhere in the world, for KIF Trademarks or any other trademark that is similar to KIF's trademarks or that incorporates KIF's trademarks in whole or in confusingly similar part;

7.4.5 use any mark, anywhere, that is confusingly similar to KIF Trademarks;

7.4.6 engage in any action that tends to disparage, dilute the value of, or reflect negatively on the Product or KIF;

7.4.7 misappropriate any of KIF Trademarks for use as a domain name without prior written consent from KIF; and

7.4.8 alter, obscure, or remove any of KIF Trademark or trademark or copyright notices or any other proprietary rights notices placed on the Product marketing materials or other materials that KIF may provide except as authorized by KIF for Sales Representative to place its own branding on the Products or related materials.

7.5 **No Continuing Rights.** On expiration or earlier termination of this Agreement, Sales Representative shall immediately cease all display, advertising, promotion, and use of all of KIF Trademarks and shall not thereafter use, advertise, promote, or display any trademark, trade name, or

product designation or any part thereof that is similar to or confusing with the KIF Trademarks or with any trademark, trade name, or product designation associated with KIF or any Product. For avoidance of doubt, nothing herein shall serve to modify, restrict, or eliminate any rights Sales Representative may have to trademarks, trade names, logos, and other Intellectual Property Rights under the Franchise Agreement.

8. **Term and Termination.**

8.1 **Term.** The term of this Agreement commences on the Effective Date and continues until terminated as provided under this Agreement ("**Term**").

8.2 **Termination**. This Agreement:

8.2.1 May be terminated by either Party for convenience upon sixty (60) days' prior written notice to the other Party;

8.2.2 May be terminated immediately by a Party if the other Party materially breaches this Agreement and either the breach cannot be cured or, if the breach can be cured, it is not cured by the breaching Party within thirty (30) days after receipt of written notice of the breach;

8.2.3 May be terminated immediately by KIF if Sales Representative is dissolved or liquidated or takes any corporate action for such purpose, becomes insolvent or files, or has filed against it, a petition for voluntary or involuntary bankruptcy or under any other insolvency Law, makes or seeks to make a general assignment for the benefit of its creditors or applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property, or is generally unable to pay its debts as they become due; or

8.2.4 Shall terminate immediately upon termination of the Franchise Agreement.

8.3 **Effect of Expiration or Termination.**

8.3.1 The Term's expiration or earlier termination does not affect any rights or obligations that: (i) are to survive the expiration or earlier termination of this Agreement; and (ii) were incurred by the Parties before the expiration or earlier termination; *provided* that KIF shall not have any obligation to pay Commission with respect to any Product ordered pursuant to any Purchase Contact entered into prior to expiration or termination where the Fundraising Campaign takes place more than thirty (30) days after such expiration or termination.

8.3.2 Upon the expiration or earlier termination of this Agreement, Sales Representative shall promptly:

(i) cease to represent itself as a seller regarding the Product, and shall otherwise desist from all conduct or representations that might lead the public to believe that Sales Representative is authorized by KIF to sell the Product;

(ii) return to KIF or destroy (as instructed by KIF) all documents and tangible materials (and any copies) containing, reflecting, incorporating, or based on KIF's Confidential Information; and

(iii) permanently erase all of KIF's Confidential Information from its computer systems.

9. **Confidentiality, Privacy & Data Security.**

9.1 **Generally.** "**Confidential Information**" shall be deemed to include any and all information and materials disclosed by or on behalf of a Party, including this Agreement, ("**Disclosing Party**") to the other Party ("**Receiving Party**") in connection with this Agreement or the use or provision of the Services including, without limitation, information or materials regarding products, confidential intellectual property, trade secrets, third-party confidential information, and other sensitive or proprietary information, whether or not marked, designated, or otherwise identified as "confidential."

9.1.1 **Protection of Confidential Information.** The Receiving Party shall, except as otherwise permitted hereunder: (a) not disclose, communicate, publish, release, transfer, or otherwise make available the Disclosing Party's Confidential Information in any form to, or for the use or benefit of, any person without the Disclosing Party's prior written consent; (b) take commercially reasonable steps to secure and protect the Disclosing Party's Confidential Information from unauthorized use or disclosure; and (c) not use or duplicate any material containing the Disclosing Party's Confidential Information except as solely necessary: (i) in the direct performance obligations under this Agreement; or (ii) in the exercise of rights granted herein.

9.1.2 **Excluded Information.** The Parties' confidentiality obligations as defined herein shall not apply to information that the Receiving Party can demonstrate: (a) was, at the time of disclosure to the Receiving Party, in the public domain; (b) becomes generally known to the public through no fault of the Receiving Party; (c) is known to the Receiving Party prior to its receipt or becomes known to the Receiving Party by disclosure from a third party (i.e., not a Party to this Agreement) who has a lawful right to disclose the information, in each case free of any confidentiality obligations; or (d) was independently developed by personnel of the Receiving Party without access to or use of the Confidential Information of another Party.

9.1.3 **Legal Demands.** Notwithstanding anything in this Agreement to the contrary, the Receiving Party is permitted to disclose Confidential Information, including any request for Confidential Information received from a competent judicial, administrative, or regulatory authority, such as in response to a subpoena or court order (a "**Legal Demand**"), *provided* that, to the extent legally permissible, the Receiving Party provides the Disclosing Party with prompt Notice (email shall suffice) thereof and, unless required by the Legal Demand, the Receiving Party does not divulge any information until the Disclosing Party has had the opportunity to seek a protective order or other appropriate remedy to curtail or challenge such disclosure.

9.1.4 The Receiving Party shall be responsible for any breach of this Section 9 caused by any of its Representatives. At any time during or after the Term, at the Disclosing Party's written request, the Receiving Party and its Representatives shall promptly return or destroy all Confidential Information (including copies) and all documents and tangible materials that contain, reflect, incorporate, or are based on Confidential Information received under this Agreement.

9.2 **Privacy & Data Security**. Sales Representative acknowledges and agrees that personal information, business information, and other data collected from or about Customers, donors to a Fundraising Campaign, or others in connection with this Agreement, as well as any information or data

collected from or obtained via the Product (collectively, "**KIF Data**"), shall to the fullest extent possible be deemed KIF Confidential Information. Sales Representative further acknowledges and agrees:

9.2.1 it shall comply with all applicable terms set forth in the Privacy Policy accessible via the Product platform; and

9.2.2 without limiting the other obligations set forth in Section 9.1, it shall not use, share, or otherwise process any KIF Data for any purpose other than in furtherance of this Agreement. For the avoidance of doubt, Sales Representative shall not use KIF Data in connection with, or mingle KIF Data with information or data from, its Kona Ice Business or other activities under the Franchise Agreement.

10. **Non-Competition**.

10.1 During the Term and for two (2) years thereafter, Sales Representative shall not directly or indirectly:

10.1.1 establish, conduct, invest in, open or reopen or become engaged by, with or in a Competing Business as an individual, employee, consultant, agent, or member of a partnership, owner, officer, equity holder, or otherwise, or prepare to do any of the foregoing; *provided, however*, that this clause shall not apply to the beneficial ownership of less than five percent (5%) of any class of common stock registered pursuant to Section 12 of the Securities Exchange Act of 1934;

10.1.2 divert or attempt to divert any actual or potential business, or customer, to a Competing Business;

10.1.3 engage in any activity which may injure the goodwill of the Product, KIF, or any KIF Personnel; or

10.1.4 assist any third party in any of the foregoing restricted activities.

10.2 Sales Representative acknowledges and agrees that the foregoing provisions are fair and reasonable and are necessary to protect KIF from unfair competition in light of the Training, access to KIF confidential and proprietary information, and the provision of other rights hereunder by Company, and the fact that the Product is web-based, data-driven, and is not confined to a given geographic area. Sales Representative specifically acknowledges that the rights to market and sell the Product are ancillary to Sales Representative's other business(es) and that its business(es) are sustainable during and after the Term of this Agreement without violating the restrictive covenants above. If any of the covenants set forth in this Section 10 are held to be unreasonable, arbitrary, or against public policy, the restrictive time period herein will be automatically modified and deemed to be the longest period permissible by law under the circumstances and scope of the restricted geographical area herein will be deemed to comprise the largest territory permissible by Law under the circumstances.

11. **Representations and Warranties.**

11.1 Sales Representative represents and warrants to KIF that:

11.1.1 it is duly organized, validly existing, and in good standing in the jurisdiction of its formation;

11.1.2 it is qualified and licensed to do business and in good standing in every jurisdiction where qualification and licensing is required;

11.1.3 it has the full right, power, and authority to enter this Agreement and to perform its obligations under this Agreement;

11.1.4 it shall, its own expense, obtain and maintain required certifications, credentials, licenses, and permits necessary to conduct business in accordance with this Agreement;

11.1.5 the execution of this Agreement by its Representative whose signature is set out at the end hereof has been duly authorized by all necessary action of Sales Representative; and

11.1.6 when executed and delivered by each of KIF and Sales Representative, this Agreement shall constitute the legal, valid, and binding obligation of Sales Representative, enforceable against Sales Representative in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally or the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity).

11.2 **WARRANTIES DISCLAIMER.** EXCEPT FOR ANY EXPRESS WARRANTIES DESCRIBED IN THIS AGREEMENT: (A) NEITHER KIF NOR ANY PERSON ON KIF'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, INCLUDING ANY WARRANTIES OF: (I) MERCHANTABILITY; (II) FITNESS FOR A PARTICULAR PURPOSE; (III) TITLE; (IV) NON-INFRINGEMENT; OR (V) PERFORMANCE OF PRODUCT TO STANDARDS SPECIFIC TO THE COUNTRY OF IMPORT, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED; AND (B) SALES REPRESENTATIVE ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY REPRESENTATION OR WARRANTY MADE BY KIF, OR ANY OTHER PERSON ON KIF'S BEHALF, EXCEPT AS SPECIFICALLY DESCRIBED IN THIS AGREEMENT.

12. **Indemnification.**

12.1 **Sales Representative.** Sales Representative shall indemnify, defend, and hold harmless KIF, its Affiliates, and its and their respective Representatives and Personnel from and against any loss, damages, liability, claims, demands, suits, costs, and expenses (including reasonable attorneys' fees and costs) (collectively, "**Loss**") incurred by KIF based upon or arising out of any Action relating, in whole or substantial part, to: (i) Sales Representative's material breach of this Agreement; (ii) damage to or destruction of personal property, injury to or death of any person related to or arising out of Sale's Representative's acts or omissions, or that of its Representatives or Personnel; or (vi) violation of Law by Sales Representative, its Representatives, or Personnel in connection with this Agreement.

12.2 **KIF.** KIF shall indemnify, defend, and hold harmless Sales Representative from and against any Loss incurred as a result of an Action alleging that the Product infringes a registered United States patent, copyright, or trademark. In the event that a claim of infringement is made or threatened, KIF may, at its option: (a) replace or modify the Product to render them non-infringing; (b) secure for any Customer solicited by Sales Representative under this Agreement the right to use the Product; or (c) terminate this Agreement upon written Notice to Sales Representative.

12.3 **Notification of Claims.** A party entitled to be indemnified pursuant to this Section (the "**Indemnified Party**") shall provide prompt written Notice to the party liable for such indemnification (the "**Indemnifying Party**") of any claim or demand which the Indemnified Party has determined has given or

could give rise to a right of indemnification under this Agreement, provided that failure or delay of such Notice shall not relieve the Indemnifying Party of its indemnity obligations under except to the extent, if any, that it is materially prejudiced by such failure or delay. The Indemnifying Party shall promptly undertake to discharge its obligations hereunder. Additionally, the Indemnifying Party shall employ counsel reasonably acceptable to the Indemnified Party to defend any such claim or demand asserted against the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any such claim or demand at its own expense. The Indemnified Party shall cooperate with the Indemnifying Party in any such defense. In addition, the Indemnified Party shall at all times have the right to fully participate in any settlement which it reasonably believes would have an adverse effect on its business, but the Indemnified Party shall not make any settlement of any Claims that might give rise to liability of the Indemnifying Party without the prior written consent of the Indemnifying Party, not to be unreasonably withheld. The Indemnified Party shall make available to the Indemnifying Party or its agents all records and other materials in the Indemnified Party's possession reasonably required by it for its use in contesting any third-party claim or demand.

13. **Limitation of Liability.**

13.1 **No Liability for Consequential or Indirect Damages**. IN NO EVENT IS KIF OR ITS REPRESENTATIVES LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR ENHANCED DAMAGES, LOST PROFITS, OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF: (A) WHETHER THE DAMAGES WERE FORESEEABLE; (B) WHETHER OR NOT KIF WAS ADVISED OF THE POSSIBILITY OF THE DAMAGES; AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT, OR OTHERWISE) ON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

13.2 **Maximum Liability for Damages**. EXCEPT IN CONNECTION WITH KIF'S INDEMNIFICATION OBLIGATIONS IN SECTION 12.2, IN NO EVENT SHALL KIF'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS OF COMMISSIONS UNDER THIS AGREEMENT IN THE ONE YEAR PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM. THE FOREGOING LIMITATIONS APPLY EVEN IF THE REMEDIES UNDER THIS AGREEMENT FAIL THEIR ESSENTIAL PURPOSE.

14. **Insurance.** During the Term and for one (1) year thereafter, Sales Representative shall maintain in force and at its own expense Comprehensive General Liability insurance with a combined single limit of $1,000,000 per occurrence and $2,000,000 in the aggregate for bodily injury, including death and property damage. KIF shall be listed as additional insured under the policy, and Sales Representative shall forward a certificate of insurance verifying such insurance upon the KIF's written request, which certificate will indicate that such insurance policy may not be canceled before the expiration of a 30-day notification period and that the KIF will be immediately notified in writing of any such notice of termination. Except where prohibited by Law, Sales Representative shall require its insurer to waive all rights of subrogation against KIF and its insurers.

15. **Miscellaneous.**

15.1 **Entire Agreement**. This Agreement, including and together with the Purchase Order Transaction Terms and all related exhibits, schedules, attachments, and appendices, constitutes the Parties' sole and entire agreement regarding the subject matter of this Agreement and therein, and supersedes all

prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding this subject matter.

15.2 **Survival**. Subject to the limitations and other provisions of this Agreement, Sections 1, 3.3, 7.1, 7.5, 8.3, and 9 - 15 of this Agreement, as well as any other provision that, to give proper effect to its intent, should survive expiration or termination, survive the expiration or earlier termination of this Agreement.

15.3 **Notices**. Each Party shall deliver all notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "**Notice**") in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section). Each Party shall deliver all Notices by personal delivery, nationally recognized overnight courier, or certified or registered mail (in each case, return receipt requested, postage prepaid), and/or, wherever noted in this Agreement, via email. Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party, and (b) if the Party giving the Notice has complied with the requirements of this Section.

Notice to KIF:	Kona Ice Fundraising, LLC 5945 Centennial Circle Florence, KY 41042 Email: corporate@konaicefundraising.com Attention: Chief Legal Officer
Notice to Sales Representative:	*At the address specified on the signature page, with attention to the Title of the individual executing this Agreement on behalf of Sales Representative.*

15.4 **Waiver**. Any waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Agreement. Any waiver must be in writing. Failure by either party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive such party of the right to insist upon strict adherence to that term or any other term of this Agreement.

15.5 **Severability**. If any provision of this Agreement is held unenforceable or invalid under any applicable law or is so held by applicable court decision, such unenforceability or invalidity will not render this Agreement unenforceable or invalid as a whole, and such provision will be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law or court decision.

15.6 **Policies.** Sales Representative agrees to fully comply with all KIF policies and other guidelines relevant to performance under this Agreement as may be provided to Sales Representative from time to time. Policies and guidelines may be set forth in FAQs or other guidance provided during Training and may also include, but are not limited to, brand use and style guidelines and privacy, data security, and related policies.

15.7 **Amendments**. Except as provided herein, no amendments, modifications, or supplements to this Agreement shall be binding unless they are in writing and signed by both Parties hereto.

15.8 **No Third-Party Beneficiaries.** This Agreement is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and assigns, and no other person

shall have any rights, interests, or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third-party beneficiary or otherwise.

15.9 **Governing Law; Jurisdiction**. Any action related to this Agreement shall be governed by the substantive laws of the Commonwealth of Kentucky without reference to the choice of law rules thereof and any action will be brought exclusively in the state or federal courts in or nearest Boone County, Kentucky, as applicable. The parties hereby submit themselves to the personal jurisdiction and venue of such courts.

15.10 **Assignment**. Sales Representative may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of KIF. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves the assigning or delegating Party of any of its obligations under this Agreement. KIF may assign any of its rights or delegate any of its obligations to any Affiliate or to any Person acquiring all or substantially all of KIF's assets.

15.11 **Counterparts; Facsimile**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties agree that this Agreement and signature pages may be transmitted between them by facsimile, electronic mail, or other electronic transmission method, and that signatures created or transmitted by electronic means, including DocuSign (or any other signature complying with the federal ESIGN Act of 2000 or any applicable Uniform Electronic Transactions Act or Electronic Signatures and Records Act), PDF, or JPEG, shall constitute original signatures, shall be deemed to have been duly and validly created and delivered, and shall be valid and binding for all purposes.

BY EXECUTING THIS AGREEMENT, SALES REPRESENTATIVE CERTIFIES THAT IT HAS COMPLETED ALL REQUIRED TRAINING, REVIEWED ALL PRODUCT-RELATED DOCUMENTATION PROVIDED BY KIF, AND HEREBY UNEQUIVOCALLY AGREES TO BE BOUND BY THE TERMS SET FORTH IN THIS AGREEMENT.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have entered into this Sales Representative Agreement as of [DATE], 20_ (“Effective Date”).

KONA ICE FUNDRAISING, LLC	**[**SALES REPRESENTATIVE ENTITY**]**, a [State] [Legal Entity Type], located at [Address] (“Sales Representative”)
By:_____	By:_____
Title:_____	Title:_____
Date:_____	Date:_____

EXHIBIT I

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Kona Ice, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Kona Ice, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Kona Ice, Inc. to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Kona Ice, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Tony Lamb, 5945 Centennial Circle, Florence, KY 41042 and 1-800-566-2423

Issuance Date: April 16, 2021

I received a disclosure document issued April 16, 2021 which included the following exhibits:

Exhibit A	State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Franchise Disclosure Questionnaire
Exhibit E	Brand Manual Table of Contents
Exhibit F	List of Current and Former Franchisees
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Kona Ice Franchise
Exhibit I	State Effective Dates
Exhibit J	Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

Rev. 012417

RECEIPT
(Our Copy)

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If Kona Ice, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

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Exhibit I	State Effective Dates
Exhibit J	Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Kona Ice, Inc., 5945 Centennial Circle, Florence, KY 41042.

Rev. 012417