



FRANCHISE DISCLOSURE DOCUMENT

MELT N DIP FRANCHISING, LLC
AN ILLINOIS LIMITED LIABILITY COMPANY
DBA

MELT N DIP
4620 Forest Ave.
Brookfield, IL 60513
Phone: 708-581-4905

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www.meltndip.com

Melt N Dip Franchising, LLC, an Illinois limited liability company, offers you the opportunity to own and operate Melt N Dip franchises, which offer a restaurant selling cakes, waffles, crepes, and other desserts, and hot drinks, and related catering services, under certain trademarks, trade names, service marks and logos.

The total investment necessary to begin operation of a Melt N Dip franchise is \$373,050 to \$455,350. This includes \$95,000 to \$120,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of Your franchise agreement and other information in plain English. Read this document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before You can 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 Melt N Dip Franchising, 4620 Forest Ave., Brookfield, IL 60531, 708-581-4905.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, 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: July 8, 2025, as amended December 17, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C & D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 Melt N Dip restaurant in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Melt n Dip franchisee?	Item 20 or Exhibit C & D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 New York. 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 New York than in your own state.
2. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
3. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than the prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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 a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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 term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. 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 sub-franchisor.
- (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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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Exhibits:

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EXHIBIT C – LIST OF CURRENT FRANCHISEES

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EXHIBIT E – STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT F – STATE ADDENDA

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

To simplify the language in this Franchise Disclosure Document, “we,” “us,” or “our” means Melt n Dip Franchising, LLC, an Illinois limited liability company, the franchisor. “You” and “your” means the person who buys the franchise from us, the franchisee. You will establish a corporation, partnership, limited liability company or other entity to be the franchisee under the Franchise Agreement. Certain provisions of the Franchise Agreement and related agreements will apply to your owners as well as the franchise entity.

Franchisor, Predecessors, Parents and Affiliates

Our name is Melt n Dip Franchising, LLC. We are an Illinois limited liability company, organized on January 5, 2021.

We have no parent company. We have no predecessors.

Melt n Dip, Inc., S & O Gelato, Inc., and K & S Gelato Inc. are our affiliates (“Affiliates”). Our Affiliates developed the Melt n Dip System and have operated businesses similar to the franchised businesses offered under this Disclosure Document since June 2020.

We do business under our entity name and under the name "Melt n Dip." We do not intend to use any other names to conduct business.

Our principal business address is 4620 Forest Ave., Brookfield, IL 60513. The principal business address of Melt n Dip, Inc. is 8258 S. Harlem Ave., Bridgeview, Illinois 60455, the principal business address of S & O Gelato, Inc. is 5716 W. Touhy Ave., Niles, Illinois 60714, and the principal business address of K & S Gelato Inc. is 440 E. Golf Rd., Schaumburg, Illinois 60173.

Agents for Service of Process

Our agents for service of process are identified by state in Exhibit E to this Franchise Disclosure Document.

Our Business and Franchises Offered.

We and our affiliate have developed certain specified and distinct business formats, methods, and procedures, including distinctive exterior and interior design, décor, color scheme and furnishings, uniform standards, specifications and procedures for operations, quality and uniformity of products and services offered, procedures for management and inventory control, training and assistance. and advertising, marketing and promotional programs (“Systems”) for operating a business that offers a restaurant selling cakes, waffles, crepes, and other desserts, and hot drinks, and related event catering services for banquets, conventions, and weddings (the “Melt n Dip Business” or “Franchised Business”). The Melt n Dip Business consists of a restaurant at one location (“Location”).

You must sign our franchise agreement (the “Franchise Agreement”), a copy of which is attached as Exhibit B to this Franchise Disclosure Document. We will grant a franchise to qualified candidates for the operation

of a Melt n Dip Business. We are not presently engaged in business activities other than the development of the System and the offer, sale and support of the franchisees of the System.

Neither we nor our affiliate has ever offered franchises in any line of business.

Prior Business Experience

We have never operated a business similar to the type of business you will operate. We have offered Melt n Dip franchises since August 2022. Our affiliates, Melt n Dip, Inc., S&O Gelato Inc., and K&S Gelato, Inc. have operated a business similar to the business you will be operating since 2020, 2022, and 2024, respectively.

Market and Competition

The general market for restaurants featuring crepes, ice cream, healthy smoothies, and other desserts is developed and competitive. You will serve the general public, and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems. The restaurant business is highly competitive based on price, service, restaurant location, food quality, and is subject to fluctuations in consumer tastes, economic conditions, population and traffic patterns. The ability of each Melt n Dip Restaurant to compete depends on its location, ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions and many other factors.

Laws and Regulations

In addition to laws and regulations that apply to businesses generally, your Melt n Dip Business is subject to federal, state and local laws, regulations and guidelines governing the food service industry. You must be knowledgeable on federal, state and local health and consumer protection laws and regulations concerning food preparation, handling and storage, and laws concerning menu item names and menu labeling and nutritional information. In addition, your state or local governments may require licensing or food handling certification. In addition, you must operate in compliance with Payment Card Industry Data Security Standards and applicable data privacy laws.

ITEM 2 – BUSINESS EXPERIENCE

Saad M. Khattab – Manager and CEO

Mr. Saad M. Khattab has been our Manager & CEO in Brookfield, Illinois since our inception in January 2021. Mr. Khattab has also been President and Secretary of our affiliate, Melt n Dip, Inc., in Bridgeview, Illinois since March 2020. He has also been Secretary of our affiliate, K & S Gelato Inc. d/b/a Melt n Dip 3 in Schaumburg, Illinois since August 2023.

The remainder of this page has been left blank intentionally.

Khalid Habbab – Manager and President

Mr. Khalid Habbab has been our Manager and President in Brookfield, Illinois since our inception in January 2021. Mr. Habbab has also been President and Secretary of our affiliate, S&O Gelato Inc. d/b/a Melt n Dip 1 in Niles, Illinois since March 2022. He has also been President of our affiliate, K & S Gelato Inc. d/b/a Melt n Dip 3 in Schaumburg, Illinois since August 2023. He has also been Vice President of our affiliate, Melt n Dip, Inc., in Bridgeview, Illinois since March 2020.

Richard Oudeh – Franchise Manager

Mr. Richard Oudeh has been our Franchise Manager in Brookfield, Illinois since September 2021. Mr. Oudeh has also been a self-employed licensed Real Estate Broker for Century 21 in Orland Park, Illinois since April 2016.

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

The Initial Franchise Fee for the Melt n Dip franchise is \$50,000.00. The initial franchise fee is uniform. The Initial Franchise Fee is due in full upon your execution of the Franchise Agreement.

The Initial Franchise Fee is non-refundable with one exception. If, through no fault of yours, we determine that you have not successfully completed initial training, we reserve the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement, we will refund 50% of the Initial Franchise Fee upon your delivery to us of a signed release.

Expansion Territory

The Expansion Territory Fee is \$0.10 per person residing in the Expansion Territory based upon currently available governmental demographic data. The Expansion Territory Fee is uniform. The Expansion Territory

Fee is due in full upon your execution of an addendum to the Franchise Agreement for the Expansion Territory.

Furniture

Before opening for business, you must purchase furniture required for your restaurant from us. This amount will be \$25,000 to \$40,000 depending on the square footage of your Melt n Dip Business, local market conditions and other related factors. Fees for the purchase of furniture are uniform and due and nonrefundable upon placing your order.

Food and Beverage Inventory, Uniforms, and Paper Products

Before opening for business, you must purchase food and beverage inventory (except fruit and milk), uniforms, and paper products required for your restaurant from us. This amount will be \$20,000 to \$30,000 depending on the square footage and market conditions of your Melt n Dip Business. Fees for the purchase of food and beverage inventory and paper products are uniform and due and nonrefundable upon placing your order.

ITEM 6 – OTHER FEES

Type of fee	Amount	Due Date	Remarks
Royalty Fee ¹	5% of monthly Gross Revenues	Payable monthly, on the 1 st day of each month for Gross Sales during the preceding month	We will charge this fee via an authorized ACH payment.
Local Marketing	2% of Gross Revenues	Monthly	We will automatically deduct 2% of your Gross Revenues from your bank account monthly.
Additional Trainees Attending the Initial Training Program	\$1,500 per person	As incurred	Training is provided for up to 2 people (including you and your food service specialist at no additional cost, provided that they attend the same training program. If additional personnel are to be trained or retraining is required, you must pay an additional training fee. Any costs or expenses associated with your additional owner(s)'s or employee(s)'s attendance of the Initial Training Program will be borne solely by you.
Additional Training	\$300 per trainer per day, plus trainer's travel and living expenses	As incurred.	Paid to us if you request additional assistance or if we require additional training in the event your business is operating below required standards.

Type of fee	Amount	Due Date	Remarks
Supplemental Education	\$300 per day per attendee	As incurred.	Paid to us if we require that your experienced owners, designated managers or food service specialists attend supplemental training programs. Any costs or expenses associated with your owner(s)'s or employee(s)'s attendance of such supplemental training programs will be borne solely by you.
Transfer Fee	\$7,500 \$500 for a transfer among existing shareholders, partners or members of Franchisee entity.	Before completing transfer	Payable when you transfer the franchise, an interest in Franchised Business, the assets of Franchised Business or an interest in the franchisee.
Audit Fee	\$3,000.00, plus the cost of the audit plus the amount of the underpayment	Immediately upon demand	You reimburse any costs we incur if the examination was done because you failed to provide required reports or if the examination reveals you understated gross sales by 3% or more.
Reimbursement of Taxes	Actual assessed taxes against us based on your operation of the Franchised Business or on any payments you make to us	Upon demand	Only payable if taxes of this type are assessed against us.
Renewal Fee	\$10,000	As incurred.	Payable if you sign a successor Franchise Agreement with us.
Relocation Fee	\$1,000	When we grant you the approval to relocate	Payable if you request and we approve your request to relocate the Franchise Business.
Non-compliance fee for failure to report Gross Revenues	\$100 per day until deficiency is corrected	On demand	

Type of fee	Amount	Due Date	Remarks
Non-compliance fee for failure to furnish reports	\$100 per day until deficiency is corrected	On demand	Payable if you fail to furnish required reports by the date when due.
Non-compliance fee for failure to pay royalties or local marketing fees	\$100 per day until deficiency is corrected	On demand	Payable if you fail to pay royalties or local marketing fees by the date when due.
Non-compliance fee for failure to use designated or approved suppliers	\$5,000 per day until deficiency is corrected	On demand	Payable if you are using food or non-food products not in compliance with our purchasing requirements.
Non-compliance fee for failure to comply with operating standards regarding cleanliness	\$5,000 per day until deficiency is corrected	On demand	Payable if you fail to comply with cleanliness standards.
Non-compliance fee for failure to comply with other operating standards	\$500 per day until deficiency is corrected	On demand	Payable if you fail to comply with other operating standards.

Type of fee	Amount	Due Date	Remarks
Management Upon Default	Then-current published fee, not to exceed \$500 per representative per day, plus all travel expenses, room and board and other actual expenses incurred by our representative; currently \$300 per representative per day, plus all travel expenses, room and board and other actual expenses incurred by our representative	As incurred.	If we provide management services upon your breach of the franchise agreement.
Management Upon Death or Incapacity of Franchisee	Then-current published fee, not to exceed \$500 per representative per day, plus all travel expenses, room and board and other actual expenses incurred by our representative; currently \$300 per representative per day, plus all travel expenses, room and board and other actual expenses incurred by our representative	As incurred.	If we provide management services upon the request of the executor, administrator or personal representative in the event of the death or incapacity of your owner until the franchise can be transferred.

Type of fee	Amount	Due Date	Remarks
System Modifications	Actual costs and expenses associated with system modification.	As required.	If we make changes to our franchise system, you must adapt your business to conform to the changes. Examples may include new technology, equipment, software or trade dress updates. Costs and expenses may be paid to the franchisor or a third-party supplier that we designate.
Indemnification	Actual costs.	As incurred.	You must reimburse us for all our damages, costs, liabilities and expenses incurred by us in the defense of any such claim brought against us or in any such action in which we are named as a party; for any liability, cost or expense we suffer, sustain or incur arising out of or relating to your development and/or operation of your Franchised Business or any of your Owners', Managers', employees', or other agents' acts or failure to act in the operation of the Franchised Business, and all cost, expense or loss we incur in enforcing the provisions of the Franchise Agreement, in defending our actions taken relating to the Franchise Agreement, or resulting from your breach of the Franchise Agreement.
Costs and Attorney's Fees	Actual costs incurred by us	As incurred	You must pay all costs reasonably incurred in enforcing the Franchise Agreement.
Liquidated Damages	The number of months remaining in the term times the average Gross Revenues for the past 36 months (or lesser period if you have not operated for 36 months), times 6%.	Upon demand	We may impose liquidated damages if you terminate the Franchise Agreement, we terminate you for material breach of the Franchise Agreement, you abandon the Franchised Business or you make an unauthorized transfer of interests in Franchisee or the assets of the Franchised Business.

Notes:

All fees described in this Item that are paid to us or our affiliates, are imposed uniformly and are not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. Unless otherwise designated by us, we currently require you to pay fees and other amounts due to us or our affiliates through electronic funds transfer via Automated Clearing House (“ACH”) or similar means. You are required to complete the ACH authorization (in the form attached to the Franchise Agreement). 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.

- (1) Gross Revenues. “Gross Revenues” means the full the price of all goods and services sold by Franchisee from or relating to the Melt n Dip Business, whether or not Franchisee has received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees Franchisee is required to collect on behalf of the government and which Franchisee actually remits. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore.

ITEM 7 – ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Initial Franchise Fee ⁽¹⁾	\$50,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Rent (3 months) and Security Deposit ⁽²⁾	\$10,000 to \$20,000	As arranged	As incurred	Landlord
Utilities (3 months) and Utility Deposit	\$6,000 to \$7,500	As arranged	As incurred	Utility providers
Architect Fees	\$5,000 to \$7,000	As arranged	As incurred	Third Parties
Leasehold Improvements	\$150,000 to \$200,000	As arranged	As incurred	Third Parties
Travel and Living Costs While Training ⁽³⁾	\$2,500 to \$4,000	As incurred	As arranged	Airlines, hotels, restaurants

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Initial Inventory and supplies ⁽⁴⁾	\$21,000 to \$32,000	Lump Sum	Prior to opening	Us and Various Approved Suppliers
Furniture ⁽⁵⁾	\$25,000 to \$40,000	As arranged	Before opening	Us
Fixtures and Equipment ⁽⁶⁾	\$75,000 to \$125,000	As arranged	As incurred	Suppliers
Signage ⁽⁷⁾	\$5,000 to \$10,000	As arranged	As incurred	Suppliers
Office Supplies	\$300 to \$700	As arranged	As incurred	Suppliers
Computer System and Software ⁽⁸⁾	\$4,050 to \$6,550	As arranged	As incurred	Suppliers
Business Licenses and Permits	\$200 to \$600	As arranged	As incurred	Licensing Agencies
Insurance ⁽⁹⁾	\$1,500 to \$2,000	As arranged	As incurred	Insurance Company
Professional Fees	\$1,500 to \$5,000	As arranged	As incurred	Lawyers, Accountants
Additional Funds – 3 Months ⁽¹⁰⁾	\$16,000 to \$35,000	As Incurred	As arranged	Third Parties
Estimated Total ⁽¹¹⁾	\$373,050 to \$455,350			

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Melt n Dip Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

(1) Initial Franchise Fee - Your Initial Franchise Fee is \$50,000 and is payable in full when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable, except if we terminate your Franchise Agreement for your failure to successfully complete initial training in which case we will refund 50% of the Initial Franchise Fee paid upon delivery to us of an executed release.

(2) Rent and Security Deposit – These figures presume that you will be leasing your premises. Generally, you will need to lease a site of approximately 2,000 to 3,000 square feet. We may allow or require variations to this size under certain circumstances. Your landlord will typically require a security deposit equal to one or two months' rent and may, in addition, require payment in advance of the first and/or last (or more)

month's rent. These figures provide the estimated amount of the security deposit for a location meeting our typical size requirements. The expense of leasing will vary depending upon the size of the premises, its location (for example, downtown, mall, suburban or rural), landlord contributions and the requirements of individual landlords. The lease rental payments shown in the charts above includes 3 months' rent for your initial period of operation. We have not included estimates for purchasing the site for the Melt n Dip Business as we recommend that you lease your premises.

(3) Travel and Living Costs While Training – We cover the cost of the initial training program, but you will be responsible for the travel, lodging, meals and other living expenses of your owner(s) and manager while attending the initial training program. At the present time, we provide initial training of approximately 2 to 3 weeks each for up to 2 people. The principal owner, any designated manager, and your food service specialist must attend the initial training program. We provide training at our affiliate-owned Melt n Dip Business located in Bridgeview, Illinois, or such other location we may select from time to time. These amounts do not include any fees or expenses for training any other personnel. There is no charge for the first 2 attendees per phase; however, there is currently a \$1,500 initial training fee for each additional attendee.

(4) Initial Inventory and Supplies – Initial inventory consists of various food products, beverages, paper products, uniforms, and other supplies utilized in operating the Melt n Dip Business, as well as other merchandise or products sold in the Melt n Dip Business. The initial inventory expenditure could vary due to factors such as anticipated sales volume, commodity costs, distribution fees and inflation. As further described in Item 8, we are currently the only designated supplier of most food products, beverages, and paper products (with the exception of fruit and milk). This estimate includes an initial inventory of fruit and milk, which ranges from \$1,000 to \$2,000 to open for business.

(5) Furniture – You must purchase and/or lease and install furniture necessary to operate your Melt n Dip Business from us. The cost of the furniture will vary according to local market conditions, the size of the premises, and other related factors.

(6) Fixtures and Equipment - You must purchase and/or lease and install fixtures and equipment necessary to operate your Melt n Dip Business from approved suppliers. The estimate includes equipment and supplies for providing delivery and catering services. We have not included in the estimate any amount for the purchase or lease of a vehicle on the assumption that you either have an existing vehicle to use or you may use third party delivery services.

(7) Signage – This range includes the cost of all signage used in your Melt n Dip Business. The signage requirements and costs will vary based upon the size and location of the Melt n Dip Business, local zoning requirements, Landlord requirements, and local wage rates for installation.

(8) Computer System and Software – You must purchase the computer equipment, hardware and software necessary for opening your Melt n Dip Business. We currently require you to purchase and use: Toast for POS; Melt n Dip Report for report generation. The lower estimate assumes that you already own a computer or tablet capable of supporting our required software and applications. The higher estimate assumes that you must purchase a computer or tablet. Both estimates include the initial cost of the Toast POS system (currently \$2,700) and 3 months of Toast POS software at \$450 per month.

(9) Insurance – The insurance you must maintain is described in Item 8. Our estimate does not include other insurance policies you may have to maintain under the terms of your lease or as may be required by other third parties. The unearned portions of the insurance premiums are generally refundable depending on your carrier. This estimate assumes that you will pay your insurance premiums annually.

(10) Additional Funds (for 3 months of operation) - This is an estimate of your additional funds requirements for the first 3 months of operations, based on our affiliate's experience of opening and operating Melt n Dip Businesses. New businesses often generate a negative cash flow. The estimated range for necessary additional funds for the first 3 months is as shown in the charts above, and includes general operating expenses, such as supplies, food and beverage products, packaging, payroll, payroll expenses, royalties, advertising, utilities, insurance, pest control, security, repairs, maintenance and complimentary sales and other costs. These figures only are estimates and you may incur additional expenses in starting your Melt n Dip Business. These amounts do not include any estimates for debt service.

(11) Totals - We relied on our experience and our owners' experience owning and operating Melt n Dip Businesses to compile these estimates. Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

ITEM 8 – RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Designated and Approved Suppliers

You must purchase all food and beverage products (except milk and fruit), beverages, paper goods, equipment, signs, furniture, fixtures, point-of-sale system, software, uniforms, cleaning supplies and other materials and supplies required in the operation of the Franchised Business that are or incorporate our trade secrets or confidential information from either suppliers designated by us for some items or from suppliers approved by us, which suppliers may include us or our affiliates.

Franchisees are prohibited from selling any items or products that contain alcohol or pork derivatives.

We are currently the only designated supplier for furniture, food (except milk and fruit), paper goods, local marketing services, business management software, and report generation software.

You must purchase other materials, supplies and services required for the operation of the Franchised Business solely from suppliers who demonstrate the ability to meet our standards and specifications for such item, who possess adequate quality controls and capacity to supply the needs of our franchisees promptly and reliably and who have been approved by us in writing and such approval has not thereafter been revoked, or following our standards and specifications for such items. The Manual will contain a list of designated and approved suppliers as well as other purchasing standards and specifications.

You must purchase, install, maintain in sufficient supply, and use, only other equipment, computer hardware and software, signs, insurance and other products and services that conform to the standards and specifications described in the Manual or otherwise in writing. Other than the requirements above and as

more specifically set forth in the Manual, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source.

Approval of alternative suppliers

If you desire to purchase any such items from an unapproved supplier, you or the supplier must submit to us a written request for approval. We may require, as a condition of approval, that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to us or an independent laboratory we designate for testing prior to granting approval. Either you or the supplier must pay a charge not to exceed the actual cost of inspection and the actual cost of testing. We will notify you of approval or disapproval of a supplier within approximately 60 days. We do not publish or provide our criteria for approving suppliers to our franchisees. If a supplier is approved by us, you may contract with the supplier for purchases. We may re-inspect the facilities and products of any approved supplier at any time and revoke our prior approval by delivery of written notice upon failure of such supplier to continue to meet our criteria for supplier approval.

Other than direct and indirect interest in our affiliates, none of our officers owns an interest in any of the designated or approved suppliers.

Insurance Requirements

In addition to purchases or leases discussed above, you must maintain, at your expense, the insurance coverage we require and must meet the other insurance related obligations in the Franchise Agreement. All required insurance policies must be issued by one or more insurance carriers acceptable to us and must name us as an additional insured. Currently the following is required:

Coverage Types	Required Limits of Coverage
Commercial General Liability	\$2 million aggregate \$1 million per occurrence Must include contractual liability coverage
Personal Injury	\$10,000 per person medical benefits
Personal and Advertising Injury	\$1 million aggregate \$1 million per occurrence
Products/Completed Operations	\$1 million per occurrence \$2 million aggregate
Damage to Leased Premises	\$1 million limit
Property Insurance	\$1 million No deductible
Owned or Non-Owned Auto Liability	\$1 million aggregate \$1 million per occurrence
Business Interruption	45 days
Employer's Liability and Worker's Compensation	As required by state law
Other Insurances	As required by local, state or federal laws; or by the landlord

All insurance policies must be issued by carriers we have approved and who are authorized to do business in the state where your Melt n Dip Business is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time in the Franchise Agreement or in the Manual, must name us as additional insured, must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

Other than direct and indirect interest in our affiliates, none of our officers owns an interest in any of the designated or approved suppliers.

Revenue from franchisee purchases

The cost of all purchases from designated suppliers, approved suppliers or following our standards and specifications represents 75% of your total purchases in establishing your franchise, and 75% of your total purchases in operating the franchise.

In our fiscal year ended December 31, 2024, we derived \$2,691,756 from purchases by franchisees, which constitutes 73.46% of our total revenues of \$3,664,058.

Cooperatives

We do not have any purchasing or distribution cooperatives as of the date of this Franchise Disclosure Document.

Negotiated Prices; Rebates

We do not currently negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees. Currently, no approved suppliers pay rebates to us based on purchases by franchisee. We may receive rebates from suppliers in the future.

Material Benefits

We do not currently receive payments from approved suppliers with respect to your purchases. You will receive no material benefits based on your purchases from approved suppliers. However, you must comply with the requirements to purchase from designated or approved suppliers to be in compliance with your Franchise Agreement.

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ITEM 9 – FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Sections 1.1, 6.2, 6.3, and 9.2(b); Exhibits A & B	Item 11
b. Pre-opening purchases/leases	Sections 6.3 and 10.3	Items 5 and 7
c. Site development and other pre-opening requirements	Sections 1.1, 5.5, 6.1 – 6.4, 8.2, and 8.3	Items 5, 6, 7, 8 and 11
d. Initial and ongoing training	Article VIII	Item 11
e. Opening	Section 6.5 and 16.2(a)	Items 8 and 11
f. Fees	Sections 2.2, Article III, 4.7, 6.6, 8.2, 8.3, 8.4, 10.9(e), 12.3, 14.8, 15.3, 15.6, 16.8, 16.9, 24.10, and 24.11	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Article VII and Section 10.2	Items 8 and 11
h. Trademarks and proprietary information	Article V	Items 13 and 14
i. Restrictions on products/services	Article X	Item 16
j. Warranty and customer service requirements	Sections 10.11 and 10.12	Item 11
k. Territorial development and sales quotas	Section 14.1	Item 12
l. Ongoing product/service purchases	Section 10.3	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 10.1 and 10.11	Item 11
n. Insurance	Article XII	Item 8
o. Marketing	Section 1.6, 10.5 and Article XI	Item 11
p. Indemnification	Sections 10.1, 10.9, 15.6, 16.8 and 19.3	Item 6

Obligation	Section in Agreement	Item in Franchise Disclosure Document
q. Owner's participation/management/staffing	Sections 6.1, 10.6, 10.7, 10.11 and 14.1	Item 15
r. Records/reports	Article IV	Item 11
s. Inspections/audits	Sections 4.7, 5.11, 9.4, and 10.12	Item 8
t. Transfer	Article XV	Item 17
u. Renewal	Sections 2.2 and 2.3	Items 6 and 17
v. Post-termination obligations	Section 17.1	Item 17
w. Non-competition covenants	Article XIV	Items 14, 15 and 17
x. Dispute resolution	Article XXIV	Item 17
y. Other: Guaranty	Section 6.1(a) and Exhibit E	

ITEM 10 – FINANCING

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

ITEM 11 – FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Before you open your Franchised Business

1. We will provide you written notice of preliminary approval or disapproval of a proposed site within 10 business days of receiving your request and all necessary documents. The factors that we may consider in determining whether a proposed location for the Melt n Dip Business is approved include demographic characteristics, traffic patterns, visibility, characteristics of the neighborhood, nearby retail establishments, competition in the area, and parking. Any lease for the location must include certain terms we require. You must obtain our final approval of your location for your Melt n Dip Business and have secured a lease for the location within 180 days of signing the franchise agreement. If you fail to do so, your franchise can be terminated by us. (Franchise Agreement, Sections 6.2 and 9.2(b))

2. We will furnish you with plans and specifications reflecting our requirements for interior layout, design, decoration, fixtures, furniture, equipment and signs for your Location. We do not deliver or install the fixtures, furniture, equipment, and signs. You must obtain our approval of any variation from our plans and specifications necessary to comply with applicable ordinances, building codes, permit requirements, and lease requirements. (Franchise Agreement, Sections 6.4 and 9.2(a)).

3. We will provide standards and specifications and list of approved suppliers for purchasing furniture, fixtures, equipment, computer systems, signs, and other materials and supplies necessary for a Franchised Business to begin operations. (Franchise Agreement, Section 9.2(a))

4. We will provide you access to a copy of the Operations Manual (described below). (Franchise Agreement, Section 7.1)

5. We will provide initial training to up to 2 of your owners, designated managers, and your food service specialist (Franchise Agreement, Section 8.2). This training will be described in detail later in this item.

During your operation of Franchised Business

1. We furnish you with guidance and assistance in the operation of your Franchised Business as we deem appropriate. Operating assistance may consist of advice and guidance with respect to the sale of products and provision of services, and any changes in the authorized services and products; recommended pricing; purchasing requirements; advertising and promotional programs; administrative, bookkeeping, accounting, sales and general operating procedures; and employee training programs. This guidance will be furnished in the Operations Manual (defined below), lists of approved suppliers, other written materials, electronic communication, consultations by phone, webinars and/or consultations at our office or at your Franchised Business. (Franchise Agreement, Section 9.1)

2. We will make available to you at our discretion manager training for new or replacement managers after the first manager trained as part of the initial training program, for \$1,500 per trainee. (Franchise Agreement, Section 8.2) We do not provide assistance in hiring employees. We do not provide assistance in training any employees except your designated manager.

3. Upon your request, we will send a representative to your Location to provide additional guidance and assistance for \$300 per representative per day, plus travel and living expenses. We may require this additional guidance and assistance if you are not operating your Franchised Business in compliance with the Franchise Agreement. (Franchise Agreement, Sections 8.4)

4. During the term of the Franchise Agreement, we provide you with access to one or more operations manuals (the "Manual"), containing mandatory and suggested specifications, standards and operating procedures prescribed from time to time by us for Franchised Businesses and information on other obligations you have under the Franchise Agreement. The Manual may be modified at any time to reflect changes in the System, including additions to and deletions from authorized products and services, specifications, standards and operating procedures of a Franchised Business and under the Franchise Agreement. The current Table of Contents of the Operations Manual is included as Exhibit D of this Disclosure Document. The total number of pages in the Operations Manual is currently 74. (Franchise Agreement, Section 7.1)

5. We issue, modify and supplement the services and products authorized for Melt n Dip Businesses, and the standards, specifications and procedures for purchasing and for the operation of Melt n Dip Businesses. (Franchise Agreement, Section 25.8)

We may provide assistance in improving and developing the franchised business, establishing prices, establishing and using administrative, bookkeeping, accounting, and inventory control procedures, or resolving operating problems you encounter, but have no obligation to do so.

We generally do not own the location for the Melt n Dip Business and lease it to you.

If we collect rebates, we will deposit such amounts in a separate account to subsidize the cost of franchisee conventions, meetings or incentive programs. (Franchise Agreement, Section 10.3)

There are no marketing funds.

We will deduct 2% of your Gross Revenues and conduct local marketing on your behalf (Franchise Agreement, Sections 3.3 and 11.2). You may, but we do not require, that you conduct additional local marketing.

We currently do not have an advertising council of franchisees that advises us on advertising policies.

There are no advertising cooperatives.

Prior to use, you must submit to us samples of all local marketing, advertising and promotional materials, programs and information and content for your webpage (linked to our website), any listing on the Internet or any information to be displayed on any social media site not prepared or previously approved by us must be submitted to us for approval. If we subsequently send you notice that we disapprove of the marketing samples provided, you must cease using those samples. You may not use any marketing, advertising or promotional materials, programs, information or content that we have disapproved. (Franchise Agreement, Section 2.06.01)

Computer System

You must purchase and use the computer systems (software and the hardware to support it) and other technology requirements that we require for use at your Location. The required computer system includes proprietary business management and report generation software (Melt n Dip Database and Melt n Dip Report), Point-of-Sale (POS) System from Toast, and the hardware to support these programs. The initial cost of purchasing the required computer system is \$2,700 to \$3,300, which includes \$2,700 in initial fees paid to Toast for the purchase of your Point-of-Sale (POS) System. You will pay a monthly fee for Toast (estimated at \$450 per month). We will give you access to Melt n Dip Database and Melt n Dip Report at no additional charge.

We can require you to upgrade your computer system at any time. There are no limits under the Franchise Agreement on the number of times you must upgrade or substitute software or hardware on the amount you may be required to spend on these upgrades or substitutions. We have the right to independently access your computer system to retrieve information regarding the operations of your Franchised Business and there are no limitations under the Franchise Agreement on our right to access.

You must have high-speed Internet and maintain an e-mail account for use in operating your Franchised Business, for communication with us and for access to our franchise internet. We may require you to use an e-mail account designated by us.

We have no obligation to provide ongoing maintenance, support or upgrades to the required computer system. You must obtain and pay for your own technical support for the computer system. The estimated annual cost to maintain the POS and computer systems is \$1,500.

You must comply with all laws related to the operation of your Melt n Dip Business, including those related to data security and privacy and you must comply with all payment card industry (PCI) data security standards. We do not currently estimate you will incur additional costs for compliance because compliance is included in the ongoing costs of the POS system we currently require.

Typical Length of Time for Opening

We estimate that the length of time between the signing of the Franchise Agreement and the opening of your Franchised Business will be 3 to 6 months, depending on the amount of time it takes to secure an approved location for your Location, to complete build-out of the Location, to complete the initial training program, and other factors.

You may not open your Location for business until: (1) you have secured an approved Location for your Melt n Dip Business and installed all fixtures, furniture and equipment, including computer systems in accordance with list of approved suppliers and our purchasing standard and specifications; (3) your owners, designated managers, and food service specialists have completed the initial training program to our satisfaction; (4) you have furnished us with evidence of the required insurance coverage; (5) you have furnished us with evidence that you have met all licensing requirements applicable to the Melt n Dip Business; (6) you have established an entity to operate the Melt n Dip Business; and (7) we have provided you with written consent to open. You must complete these opening requirements and begin operation of your Location within 12 months of the date of signing the Franchise Agreement.

Training

Before your Franchised Business opens, your principal owner, any designated managers, and your food service specialist, must attend and complete to our satisfaction, our initial training program on the operation of a Franchised Business. The Initial Training Program will last a total of approximately 2 to 3 weeks. We conduct initial training classes as needed, but no less than quarterly. You must complete our initial training program at least 30 days prior to opening your Melt n Dip Franchised Business. In addition, you will be responsible for all compensation, travel, lodging and other living expenses incurred by your principal owners, designated managers, and food service specialists while attending training.

If we determine during a training program that your principal owners, designated managers, or food service specialists are not qualified to manage a Franchised Business, we can require the principal owners, designated managers or food service specialists to attend and successfully complete additional training for the \$1,500 tuition fee or we can terminate your franchise, effective upon delivery of written notice to you.

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As of the date of this Disclosure Document, we provide the following initial training:

INITIAL FRANCHISE TRAINING

In-person training Phase I: Cat Business Operations

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Orientation to Melt n Dip	1	N/A	Bridgeview, Illinois
Objectives of Melt n Dip	1	N/A	Bridgeview, Illinois
New Office Development	2	N/A	Bridgeview, Illinois
Service Overview	21	N/A	Bridgeview, Illinois
Operations	6	21 hours	Bridgeview, Illinois
Support Systems & Computer Systems	12	N/A	Bridgeview, Illinois
Sales	6	N/A	Bridgeview, Illinois
Marketing & Advertising	4	N/A	Bridgeview, Illinois
People Management	1	N/A	Bridgeview, Illinois
Tours/Vendor Introduction	1	N/A	Bridgeview, Illinois
Certification Testing, Graduation & Send-off	4	N/A	Bridgeview, Illinois
Totals	59	21	

The training will be conducted by Saad M. Khattab and Khalid Habbab, as well as others we designate.

Saad M. Khattab is our CEO. He has owned and operated Melt n Dip Businesses since 2020 and has 11 years' experience in the subjects taught. Khalid Habbab is our President. He has owned and operated Melt n Dip Businesses since 2020 and has 6 years' experience in the subjects taught.

All trainers will have at least 5 years of experience in the subjects taught and at least 3 years of experience with us or our affiliates.

Currently the instructional materials for the initial training program are the Manual.

If you want to have more principal owners, designated managers, or food service specialists (up to 2 attendees at no fee) trained by us when you attend the initial training program or if you want to send new or additional principal owners, designated managers, or food service specialists to training after you attend the initial training program, we will provide this training for our training fee of \$1,500 per person, provided training space is available. You are responsible for all travel and living expenses and wages incurred by your principal owners, designated managers and food service specialists who attend training. (Franchise Agreement, Section 8.2)

We may offer and we may require your principal owners, designated managers, and food service specialists to attend supplemental training, seminars, programs, regional franchise meetings, teleconferences, or webinars during the term of the franchise at times and places we designate. We will provide this supplemental training for \$300 per person per day. You will be responsible for your and your employees' travel and living expenses. (Franchise Agreement, Section 8.3)

ITEM 12 – TERRITORY

Once the site for your Melt n Dip Business is approved, we will assign a territory ("Territory") for your Franchised Business. The Territory will be a 7-mile radius from your restaurant. Once the location of your Melt n Dip Business is approved the location and the applicable Territory will be filled in at Exhibit B to your Franchise Agreement.

As long as you are not in default under any terms of the Franchise Agreement, we will not establish another franchised, company-owned or affiliate-owned Franchised Business in your Territory.

We reserve the right both within and outside the Territory, to: (i) offer and sell similar services and products using our Marks or other marks through an alternate distribution system, including the Internet or similar electronic media; (ii) establish businesses offering similar services and products that do not use the marks "MELT N DIP" or associated designs, artwork, and logos; (iii) acquire or be acquired by a company establishing businesses identical or similar to Franchised Businesses; (iv) exhibit at home shows, trade fairs, and exhibitions; and (v) engage in any other business activities not expressly prohibited by the Franchise Agreement. We are not required to pay you if we exercise any of these rights within your Territory.

The franchise is granted for a Melt n Dip Business at 1 specific location which must be approved by us. You may not relocate your Melt n Dip Business without our prior written approval. Whether or not we allow relocation depends on several factors, including the proposed area, its proximity to other Melt n Dip Businesses, whether you are complying with your Franchise Agreement and lease, ongoing lease obligations, and how long it will take you to open at the new location. If we permit you to relocate, you will not pay a new initial franchise fee but you must pay our relocation fee of \$1,000.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although we reserve the right to do so in future, neither we nor our affiliates operate or plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those you will sell. We are not required to pay you if we exercise any reserved rights within your Territory. However, as long as you are in compliance with the Franchise Agreement, we will not establish a Melt n Dip Business, nor license or franchise another party the right to establish a Melt n Dip Business within your Territory.

You may only directly market for customers of the Melt n Dip Business within the Territory and are prohibited from direct marketing for customers of the Melt n Dip Business outside of the Territory without our prior written consent, which we may withhold for any reason. You are prohibited from selling any products or services through alternate channels of distribution such as the internet.

You do not receive any options, rights of first refusal, or right to acquire additional franchises under the franchise agreement. You must meet our then-current qualifications for opening another franchise and purchase another franchise to establish another franchised Melt n Dip Business with additional territory.

If you are in compliance with the Franchise Agreement, we may, in our sole discretion, permit you to acquire expansion territory (“Expansion Territory”). The current price of such expansion territory is \$0.10 per person residing in the expanded territory based upon currently available governmental demographic data. The purchase price for expansion territory is payable, in full, when you sign an addendum to the Franchise Agreement for your Expansion Territory. We will determine the minimum and maximum size and configuration of an expansion territory and may impose reasonable conditions, including, but not limited to the opening of a satellite office in the expansion territory.

ITEM 13 - TRADEMARKS

We grant you the non-exclusive right and obligation to use the Marks under your Franchise Agreement. You may also use other current or future trademarks to operate your Melt n Dip Business as we designate from time to time. We have applied for and/or obtained a registration for the Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”):

Mark	Registration Date	Registration Number
MELT N DIP	September 28, 2021	6,500,650
	September 28, 2021	6,500,681
SATISFY YOUR SPIRIT	November 2, 2021	6,543,969

We will file all required affidavits necessary to maintain these registrations. There is currently no pending material federal or state court litigation regarding our use or ownership rights in any of our Marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark

administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Before you sign the Franchise Agreement, you should investigate independently whether your use of the Marks in your area might infringe on the rights of any third party, particularly in your intended area of operation.

No other agreement significantly limits our right to use or license the Marks in a manner material to your Melt n Dip Business.

We have the sole right to control use of the Marks on all websites, social media, digital marketing and mobile applications.

If it becomes necessary or 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 notify us immediately if you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging 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 we will control any proceeding or litigation relating to the Marks. We have no obligation to pursue any infringing users of the Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately 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 the Marks. 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.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

ITEM 14 – PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or patents pending that are material to Melt n Dip Business. We have not filed for any copyrights, but we claim common law copyright rights over the Manual, all advertising and marketing materials, all menus and the Melt n Dip website www.meltdip.com. You may use the proprietary information in our Manual, so long as you follow all of the restrictions set forth in the Franchise Agreement. Any printed copies of the Manual or any other materials containing proprietary information must be destroyed or returned to us immediately upon the expiration or termination of your Franchise Agreement.

We also consider certain information, knowledge and know-how concerning us and the System to be trade secrets and proprietary information, including the standards, specifications, management systems, recipes, menus, techniques, financial information (such as product costs and sources of supply), the Manual and

business operations and procedures that would, if used by others, give others a substantial competitive advantage presently enjoyed by us.

Except in connection with the operation of your Melt n Dip Business, you must not use any proprietary information or trade secret without our written permission. You must immediately tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we deem appropriate. We will control any litigation related to the proprietary information. We will indemnify you against losses claimed by a third party concerning your authorized use of this information. Our right to use or license these copyrighted and proprietary materials is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted and proprietary materials.

ITEM 15 – OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISED BUSINESS

We require that a designated manager devote substantial full-time and best efforts on a daily basis, in person, to the supervision and conduct of a Melt n Dip Business. Your designated manager must successfully complete our training program. Your designated manager need not have an ownership interest in the franchisee entity. If you replace a manager, the new manager must satisfactorily complete our training program.

If at any time you propose that the Franchised Business to be operated or managed by an entity or individual other than Franchisee, we reserve the right to review and approve the operating or managing entity or individual and to require and approve an operating or management agreement prior to such party's assumption of operations. We may reject the operating entity, the individual operator or the operating or management agreement in our discretion. If approved by us, the operating entity and/or individual must agree in writing to comply with all of Franchisee's obligations under the Franchise Agreement as though such party were the franchisee designated therein, on such form as may be designated by us. The operation of the Franchised Business by any party other than Franchisee, without our prior written consent, is a default of the Franchise Agreement for which we may terminate the Franchise Agreement.

Any manager and any officer or manager of the franchisee entity who does not own an equity interest in the Franchisee entity, must sign a nondisclosure, non-solicitation and noncompetition Agreement in a form acceptable to us and in compliance with your local or state law. All of your employees, independent contractors, agents or representatives who may have access to our confidential information must sign a confidentiality agreement (unless they already signed a nondisclosure, non-solicitation and noncompetition agreement) in a form acceptable to us. The current form of confidentiality agreement is Exhibit I to the Franchise Agreement. Each owner of the Franchisee entity must sign a "Personal Guaranty," the form of which is attached as Exhibit G to the Franchise Agreement.

ITEM 16 – RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you. If we change or add to our required products or services, the changes or additions will remain in permanent effect, unless we specify

otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. Your Melt n Dip Business may not offer any products or services that we have not authorized for Melt n Dip Businesses without our prior written approval, which we may withhold in our sole discretion. You must discontinue selling and offering for sale any services or products that we disapprove.

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.	Term of the Franchise	Section 2.1	10 years from the date of the Franchise Agreement.
b.	Renewal or extension of the term	Sections 2.2-2.3	If you are in good standing and you meet defined requirements, including a renewal fee, you may add 1 additional term of 10 years.
c.	Requirements for you to renew or extend	Section 2.2	You may renew for 1 additional term of 10 years if you have complied with the Franchise Agreement during the initial term; provide notice within the time limits set forth in the Franchise Agreement; execute a new Franchise Agreement in the form then in use by us (which may contain terms and conditions materially different from your original Franchise Agreement); execute a general release in a form satisfactory to us; you and your manager(s) comply with our then-current training requirements; maintain possession or secure a substitute location for your Melt n Dip Business; pay us a renewal fee of \$10,000.00; update, reimage, renovate, refurbish and modernize your Melt n Dip Business to meet the then-current standards, specifications and designs of Melt n Dip Businesses; and comply with other conditions.
d.	Termination by You	Not applicable	You may not terminate the Franchise Agreement.
e.	Termination by Franchisor without cause	Not applicable	We must have cause to terminate the Franchise Agreement.

	Provision	Section in Franchise Agreement	Summary
f.	Termination by Franchisor with cause	Sections 16.1-16.5	We may terminate only if you default as stated in the Franchise Agreement. We may terminate your Franchise Agreement if another Franchise Agreement you entered into with us is terminated.
g.	"Cause" defined--defaults which can be cured	Sections 16.3-16.5, 16.7	You have 5 days to cure various defaults including failure to royalties, marketing fund contributions and other amounts owed to us; failure to timely pay for product purchases and other expenses of operating the Business; failure to submit reports or financial statements when due; failure to maintain insurance; failure to cure threats to public health or safety; and failure to cure misuse of the Marks. You have 30 days to cure a default under the Franchise Agreement that is not otherwise curable in only 5 days or not curable including your failure to follow the Systems, Manual and the terms of the Franchise Agreement, including failure to complete your Melt n Dip Business renovation.

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined--defaults which cannot be cured	Section 16.1-16.2	Non-curable defaults include (i) failure to obtain approval of a site by us within 6 months of executing your Franchise Agreement or (ii) failure to open your Melt n Dip Business within deadlines for opening in Franchise Agreement; failing to operate your Melt n Dip Business for a period of 48 hours or otherwise abandoning the Business or losing the right to possession of the premises of your Melt n Dip Business; criminal conviction; physical or verbal abuse of our employees or other franchisees; unauthorized transfer of franchisee or Business; violation of noncompetition and nondisclosure agreements; unauthorized disclosure of proprietary or confidential information; failure to transfer after death or incapacity; maintaining false books; your or your affiliates commits any act of default under any agreement with us or our affiliates; more than one material default within any 12 months; sale of unapproved products or services; relocation without our consent; denies us access for an inspection of the Business; termination or expiration of lease; failure to timely pay loan guaranteed or provided by us; failure to timely pay suppliers or landlord more than 3 times; material misrepresentation in the purchase of the Franchise; receipt of 3 or more default notices during the term; and bankruptcy. Also the franchise agreement may be terminated without cure if any other agreement between us or between you and an affiliate is terminated.

	Provision	Section in Franchise Agreement	Summary
i.	Our right to operate your business upon your default	Section 16.8	If you have not cured a default under the Franchise Agreement within 14 days after receipt of a written notice of default, we, or our agent or other representative that we designate, may enter your business premises and exercise complete authority with respect to the operation of your Melt n Dip Business until we determine that the default has been cured. You must pay us the then-current published fee for such management service (not to exceed \$500 per representative per day), plus all travel expenses, room and board and other expenses reasonably incurred by us so long as it shall be required to enforce compliance with the Franchise Agreement.
j.	Your obligations on termination/nonrenewal	Section 17.1	Obligations include the immediate cessation of operating the Melt n Dip Business and use of any of our trade dress, Marks, or advertising materials; the immediate return of the Manual, training and other related materials; a complete de-identification from the Melt n Dip Business; assignment of telephone numbers and internet accounts; cancellation of assumed name; the immediate notification of all your suppliers and others with whom you do business; and payment of all amounts due (See also s. below)
k.	Assignment of contract by Franchisor	Section 15.1	No restrictions on our right to assign.
l.	"Transfer" by You--definition	Section 15.2	You may not assign or transfer any of your interest in the Franchise Agreement or a substantial portion of the assets of the Melt n Dip Business without our express written permission, which may be granted or denied at our discretion.
m.	Franchisor's approval of transfer by franchisee	Section 15.2, 15.3 and 15.4	We have the right to approve all transfers of your Franchise Agreement and your Melt n Dip Businesses combined in accordance with the terms and conditions set out in the Franchise Agreement, but will not unreasonably withhold approval.

	Provision	Section in Franchise Agreement	Summary
n.	Conditions for Franchisor's approval of transfer	Sections 15.3	A potential transfer will be approved if you are not in default under your Franchise Agreement or any other agreement with us; the new franchisee meets our qualifications and agrees to remain obligated under the covenants and various transfer obligations in your Franchise Agreement; you execute a general release in favor of us and our Affiliates, of any claims you may have against us or our Affiliates as well as, at our option, a written assignment to which the new franchisee would assume all of the obligations of you under your Franchise Agreement, or then-current franchise agreement, which may materially differ from your Franchise Agreement; the applicable transfer fee of \$7,500 is paid (unless transferred to a new entity of yours or to an existing shareholder partner, or member of your Melt n Dip Business entity, in which case the fee is \$500); the transfer agreement is provided to us at least 15 days prior to the proposed transfer and is approved by us; the training is completed, you sign a general release, the new franchisee signs a then-current franchise agreement; the new franchisee, at its sole cost, agrees to a renovation of the Melt n Dip Business within the timeframe specified by us, unless it was renovated within the last 5 years prior to the transfer; the new franchisee's organizational documents (i.e. operating agreement or bylaws) provide that further assignments or transfers are subject to the Franchise Agreement; you execute a guaranty for the new franchisee's obligations under your Franchise Agreement, as requested by us; and you obtain an assignment of the current lease or a new lease for existing premises of the Melt n Dip Business for a lease term (including renewal terms) equal to the franchise term. (See also s. below.)

	Provision	Section in Franchise Agreement	Summary
o.	Franchisor's right of first refusal to acquire your business	Sections 15.3	We may match any offer for your business.
p.	Franchisor's option to purchase your business	Section 15.9	We can match any bona fide written offer from a qualified third party for all or any part of your Melt n Dip Businesses.
q.	Your death or disability	Section 15.6	Upon the death or mental incapacity of any person with an interest in the Franchise Agreement, your designated personal representative must transfer the interest of such person to an approved third party within 12 months after the event.
r.	Non-competition covenants during the term of the franchise	Section 14.2, 14.4	No involvement in Competitive Business anywhere and no diversion of any business or customers of the Melt n Dip Business.
s.	Non-competition covenants after the franchise is terminated or expires	Section 14.3 – 14.4	No involvement in Competitive Business for 2 years within 25 miles of the site of any Melt n Dip Business, whether or not formerly owned by you, except owning less than 2% of the outstanding shares of a publicly traded security.
t.	Modification of the agreement	Sections 7.1, 23.1, 25.1, 25.8	No modifications generally without mutual consent, but the Manual is subject to change.
u.	Integration/merger clause	Section 23.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Franchise Disclosure Document.
v.	Dispute resolution by arbitration or mediation	Sections 24.1 – 24.4	Illinois (subject to state law).
w.	Choice of forum	Sections 24.5	Illinois (subject to state law).
x.	Choice of law	Sections 24.5	Illinois (subject to state law).

ITEM 18 – PUBLIC FIGURES

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

The remainder of this page has been left blank intentionally.

ITEM 19 – FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 Khalid Habbab, Melt n Dip Franchising, LLC, 4620 Forest Ave., Brookfield, IL 60531, phone number (708) 275-5839, 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 2022 – 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	2	+2
	2023	2	6	+4
	2024	6	8	+2
Affiliate-Owned	2022	3	2	-1
	2023	2	2	0
	2024	2	3	+1
Total Outlets	2022	3	4	+1
	2023	4	8	+3
	2024	8	11	+3

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

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets
For Years 2022 – 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Florida	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	0	1	0	0	0	0	2
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	0	2	0	0	0	0	2
	2023	2	4	0	0	0	0	6
	2024	6	2	0	0	0	0	8

Table No. 4
Status of Affiliate-Owned Outlets
For Years 2022 – 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Illinois	2022	2	1	0	0	1	2
	2023	2	0	0	0	0	2
	2024	2	1	0	0	0	3
Michigan	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total Outlets	2022	3	1	0	0	2	2
	2023	2	0	0	0	0	2
	2024	2	1	0	0	0	3

Table No. 5
Projected Openings as of
January 1, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Georgia	1	0	1
Illinois	0	1	1
New Jersey	1	0	1
New York	0	3	3
North Carolina	1	0	1
Texas	1	0	1
Total	4	3	0

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

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

There are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21 – FINANCIAL STATEMENTS

Exhibit A contains our audited Income Statements and Balance sheets for the periods ending December 31, 2024, December 31, 2023, and December 31, 2022. Also include at Exhibit A are our unaudited balance sheet and statement of income as of October 31, 2025. Our fiscal year end is December 31.

ITEM 22 – CONTRACTS

The Franchise Agreement, Personal Guaranty (and other exhibits) that you will sign is attached at Exhibit B to this Disclosure Document. If your state requires an addendum to the Franchise Agreement describing certain state laws or regulations which may supersede the Franchise Agreement, it will be found at Exhibit G.

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

ITEM 23 – RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J, are 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

Financial Statements



MELT N DIP FRANCHISING, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024, 2023 (RESTATED), AND 2022 (RESTATED)



MELT N DIP FRANCHISING, LLC

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Independent Auditor's Report

To the Members
Melt n Dip Franchising, LLC
Brookfield, IL

Opinion

We have audited the accompanying financial statements of Melt n Dip Franchising, LLC, which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Melt n Dip Franchising, LLC as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Company has restated its previously issued financial statements for the years ended December 31, 2023 and 2022 to correct errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Kezar & Dunlap

St. George, Utah
June 27, 2025

MELT N DIP FRANCHISING, LLC
BALANCE SHEETS
As of December 31, 2024, 2023 (Restated), and 2022 (Restated)

	2024	2023*	2022*
Assets			
Current assets			
Cash and cash equivalents	\$ 94,426	\$ 99,865	\$ 597,545
Accounts receivable, net	688,852	376,341	257,475
Inventory	741,790	620,769	270,489
Total current assets	<u>1,525,068</u>	<u>1,096,975</u>	<u>1,125,509</u>
Non-current assets			
Property and equipment, net	478,020	464,958	458,593
Right of use asset	279,620	354,658	-
Total non-current assets	<u>757,640</u>	<u>819,616</u>	<u>458,593</u>
Total assets	<u><u>\$ 2,282,708</u></u>	<u><u>\$ 1,916,591</u></u>	<u><u>\$ 1,584,102</u></u>
Liabilities and Members' Equity			
Current liabilities			
Accounts payable	\$ 27,644	\$ 159,395	\$ 94,313
Deferred revenue	135,000	45,000	40,000
Operating lease liability, current	81,594	75,038	-
Notes payable, current	59,914	-	-
Total current liabilities	<u>304,152</u>	<u>279,433</u>	<u>134,313</u>
Non-current liabilities			
Operating lease liability, non-current	198,026	279,620	-
Notes payable, non-current	112,330	-	-
Total non-current liabilities	<u>310,356</u>	<u>279,620</u>	<u>-</u>
Total liabilities	<u>614,508</u>	<u>559,053</u>	<u>134,313</u>
Members' equity	1,668,200	1,357,538	1,449,789
Total liabilities and members' equity	<u><u>\$ 2,282,708</u></u>	<u><u>\$ 1,916,591</u></u>	<u><u>\$ 1,584,102</u></u>

The accompanying notes are an integral part of the financial statements.

*Certain balances have been restated due to error. See Note 2 to the financial statements.

MELT N DIP FRANCHISING, LLC

STATEMENTS OF OPERATIONS

For the years ended December 31, 2024, 2023 (Restated), and 2022 (Restated)

	2024	2023*	2022*
Operating revenue			
Product sales	\$ 3,017,922	\$ 1,867,599	\$ 972,808
Royalties and marketing fees	591,136	366,160	31,589
Initial franchise fees	55,000	120,000	40,000
Total operating revenue	<u>3,664,058</u>	<u>2,353,759</u>	<u>1,044,397</u>
 Cost of goods sold	 1,646,676	 1,053,207	 687,729
Gross profit	<u>2,017,382</u>	<u>1,300,552</u>	<u>356,668</u>
 Operating expenses			
General and administrative	1,091,313	962,778	237,097
Advertising and marketing	104,250	20,440	29,150
Depreciation	275,538	217,818	172,982
Professional fees	12,170	16,500	2,650
Total operating expenses	<u>1,483,271</u>	<u>1,217,536</u>	<u>441,879</u>
Net income (loss)	<u>\$ 534,111</u>	<u>\$ 83,016</u>	<u>\$ (85,211)</u>

The accompanying notes are an integral part of the financial statements.

*Certain balances have been restated due to error. See Note 2 to the financial statements.

MELT N DIP FRANCHISING, LLC
STATEMENTS OF MEMBERS' EQUITY
For the years ended December 31, 2024, 2023 (Restated), and 2022 (Restated)

Balance as of January 1, 2022	\$ 11,201
Member contributions	1,523,799
Net loss	(85,211)
Balance as of December 31, 2022	<u>1,449,789</u>
Member distributions	(175,267)
Net income	83,016
Balance as of December 31, 2023	<u>1,357,538</u>
Member distributions	(223,449)
Net income	534,111
Balance as of December 31, 2024	<u><u>\$ 1,668,200</u></u>

The accompanying notes are an integral part of the financial statements.

*Certain balances have been restated due to error. See Note 2 to the financial statements.

MELT N DIP FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024, 2023 (Restated), and 2022 (Restated)

	<u>2024</u>	<u>2023*</u>	<u>2022*</u>
Cash flow from operating activities:			
Net income (loss)	\$ 534,111	\$ 83,016	\$ (85,211)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	275,538	217,818	172,982
Changes in operating assets and liabilities:			
Accounts receivable	(312,511)	(118,866)	(257,475)
Inventory	(121,021)	(350,280)	(270,489)
Accounts payable	(131,751)	65,082	94,313
Deferred revenue	90,000	5,000	40,000
Net cash provided by (used in) operating activities	<u>334,366</u>	<u>(98,230)</u>	<u>(305,880)</u>
Cash flows from investing activities:			
Purchases of property and equipment	(110,600)	(224,183)	(631,575)
Net cash used in investing activities	<u>(110,600)</u>	<u>(224,183)</u>	<u>(631,575)</u>
Cash flows from financing activities:			
Member contributions	(223,449)	(175,267)	1,523,799
Principal payments on notes payables	(5,756)	-	-
Net cash provided by (used in) financing activities	<u>(229,205)</u>	<u>(175,267)</u>	<u>1,523,799</u>
Net change in cash and cash equivalents	(5,439)	(497,680)	586,344
Cash at the beginning of the year	99,865	597,545	11,201
Cash at the end of the year	<u>\$ 94,426</u>	<u>\$ 99,865</u>	<u>\$ 597,545</u>
Supplementary disclosures of cash flows			
Cash paid for interest and taxes	\$ -	\$ -	\$ -
Non-cash financing and investing activities:			
Vehicles purchased with debt	\$ 178,000	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

*Certain balances have been restated due to error. See Note 2 to the financial statements.

MELT N DIP FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 (Restated), and 2022 (Restated)

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Melt n Dip Franchising, LLC (the “Company”) was formed on January 6, 2021 in the state of Illinois as a limited liability company for the purpose of conducting franchise sales, marketing, and management. The Company grants qualified franchisees the right to own and operate a “Melt N Dip” restaurant in the United States.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, 2023, and 2022, the Company had cash and cash equivalents of \$94,426, \$99,865, and \$597,545, respectively.

(e) Accounts Receivables

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and marketing fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2024, 2023, and 2022, the Company had net accounts receivable of \$688,852, \$376,341, and \$257,475, respectively. As of December 31, 2024, the Company had an allowance for doubtful accounts of \$107,955. As of December 31, 2023 and 2022, the Company had no allowance for doubtful accounts.

MELT N DIP FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 (Restated), and 2022 (Restated)

(f) Inventory

Inventory is stated at the lower of cost (using the First-in, First-out basis) or market. Inventory consists of gelato kits, ingredients, containers, and other items to be sold to the Company's franchisees. As of December 31, 2024, 2023, and 2022, the Company had inventory of \$741,790, \$620,769, and \$270,489, respectively.

(g) Fixed Assets

Fixed assets are stated at historical cost. Expenditures that increase values or extend useful lives are capitalized while routine maintenance and repairs are charged to expense in the year incurred. Gains and losses from disposition of fixed assets are reflected in other income. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the assets as follows:

Asset	Estimated Useful Lives
Machinery and equipment	5 to 10 years
Leasehold improvements	Same as lease term
Vehicles	3 to 5 years

(h) Long-Lived Assets

Long-lived assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount and will be recognized in the period that the recognition criteria are first applied and met.

(i) Leasing

The Company adopted ASC 842, *Leases*, as of inception. The Company has an operating lease for office and warehouse space. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease term, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company's cash flows.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

(j) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalty and marketing fees, and product sales to franchisees.

Royalty and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalty and marketing fees are to be recognized in the same period as the underlying sales.

MELT N DIP FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 (Restated), and 2022 (Restated)

Product sales

The Company sells products to its franchisees. Upon evaluation of the five-step process, the Company has determined that product sales are to be recognized upon transfer of control, which is generally shipment.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the standalone selling price of its pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to those pre-opening services. The franchise fees are then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations). Fees charged for renewals are amortized over the life of the renewal term.

(k) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Illinois. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the stockholder rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023, 2022, and 2021 tax years are subject to examination.

(l) Advertising Costs

The Company expenses advertising costs as incurred. For the years ended December 31, 2024, 2023, and 2022, advertising expenses were \$104,250, \$20,440, and \$29,150, respectively.

MELT N DIP FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 (Restated), and 2022 (Restated)

(m) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, pre-paid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(n) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Restatement

During preparation of the 2024 financial statements, management noted various errors in the financial statements for the years ended December 31, 2023 and 2022. Due to these errors, management has determined that a restatement of the financial statements for the years ended December 31, 2023 and 2022 is required.

The following financial statement areas have been affected as of December 31, 2023:

	As Previously Reported	Adjustments	Restated
Accounts receivable	\$ 186,289	\$ (190,052)	\$ 376,341
Inventory	536,484	(84,285)	620,769
Property and equipment, net	1,194,209	(729,251)	464,958
Accounts payable	4,778	(154,617)	159,395
Deferred revenue	-	45,000	45,000
Total operating revenue	2,355,799	(2,040)	2,353,759
Cost of goods sold	1,258,513	(205,306)	1,053,207
Net income	229,773	(146,757)	83,016
Members' equity	\$ 2,012,068	\$ (343,868)	\$ 1,668,200

The following financial statement areas have been affected as of December 31, 2022:

	As Previously Reported	Adjustments	Restated
Accounts receivable	\$ 173,811	\$ 83,664	\$ 257,475
Inventory	277,633	(7,144)	270,489
Property and equipment, net	765,260	(306,667)	458,593
Accounts payable	94,313	-	94,313
Deferred revenue	-	40,000	40,000
Total operating revenue	1,075,016	(30,619)	1,044,397
Cost of goods sold	830,692	(142,963)	687,729
Net loss	(335,397)	250,186	(85,211)
Members' equity	\$ 1,719,936	\$ (270,147)	\$ 1,449,789

(3) Related Party Transactions

Affiliates through common ownership have entered into franchise agreements with the Company in prior years and pay ongoing royalties, national advertising contributions, and technology fees. During the years ended December 31, 2024, 2023, and 2022, the Company recognized revenue from these affiliates of \$1,092,524, \$766,467, and \$426,107, respectively. As of December 31, 2024, 2023, and 2022, the amount due from receivables included in accounts receivable was \$770,072, \$256,390, and \$240,390, respectively.

MELT N DIP FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 (Restated), and 2022 (Restated)

(4) Operating Lease

During the year ended December 31, 2023, the Company entered into a lease agreement with a related party for office and warehouse space. As of December 31, 2024 and 2023, the Company recorded a right of use asset of \$279,620 and \$354,658, respectively. As of December 31, 2022, the Company had no right of use asset. As of December 31, 2024, 2023, and 2022, the Company had the following operating lease liability:

	2024	2023	2022
Operating lease liability, current	\$ 81,594	\$ 75,038	\$ -
Operating lease liability, non-current	198,026	279,620	-
	<u>\$ 279,620</u>	<u>\$ 354,658</u>	<u>\$ -</u>

As of December 31, 2024, the future minimum lease payments under non-cancelable operating leases are as follows:

For the year ended December 31,	
2025	\$ 102,000
2026	102,000
2027	102,000
2028	8,500
Total lease payments	314,500
Less: amounts representing interest (8.41% rate)	(34,880)
Total operating lease liability	<u>\$ 279,620</u>

(5) Property and Equipment, Net

As of December 31, 2024, 2023, and 2022, the Company's fixed assets consist of the following:

	2024	2023	2022
Equipment	\$ 716,143	\$ 661,743	\$ 546,200
Vehicles	305,200	92,200	-
Furniture and fixtures	123,015	101,815	85,375
	1,144,358	855,758	631,575
Accumulated depreciation	(666,338)	(390,800)	(172,982)
	<u>\$ 478,020</u>	<u>\$ 464,958</u>	<u>\$ 458,593</u>

Depreciation expense for the years ended December 31, 2024, 2023, and 2022 was \$275,538, \$217,818, and \$172,982, respectively.

(6) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalty, marketing and tech fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Melt n Dip system for a period of ten years. Under the Company's revenue recognition policy, the Company allocates a portion of the initial franchise fee to initial training, grand opening assistance, and site build out, which is recognized when the franchisee begins operations. The remainder is deferred, and the revenue is amortized over the life of the contract. In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs.

As of December 31, 2024, 2023, and 2022, the Company had deferred revenue of \$135,000, \$45,000, and \$40,000, respectively, all of which was classified as current.

MELT N DIP FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 (Restated), and 2022 (Restated)

(7) Notes Payable

During the year ended December 31, 2024, the Company purchased vehicles with debt. The loans do not accrue interest and require monthly payments for 36 months, with maturity in 2027. As of December 31, 2024, the amount due on these loans was \$172,244.

(8) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(9) Subsequent Events

Management has reviewed and evaluated subsequent events through June 27, 2025, the date on which the financial statements were issued.

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

Melt n Dip Franchising LLC

Balance Sheet

As of October 31, 2025

Oct 31, 25

ASSETS

Current Assets

Checking/Savings

CHASE BANK 9076 773,002.22

Total Checking/Savings 773,002.22

Accounts Receivable

Accounts Receivable 2,128,049.27

Total Accounts Receivable 2,128,049.27

Other Current Assets

Allowance for Doubtful Accounts -107,954.84

Inventory Asset 1,693,153.76

Undeposited Funds 229,459.24

Total Other Current Assets 1,814,658.16

Total Current Assets 4,715,709.65

Fixed Assets

Accumelated Dep. / Equipments -524,817.19

Accumulated Dep. / Furniture & -62,041.00

Accumulated Dep. / Vehicles -79,480.00

Equipments 718,043.00

Furniture and Fixtures 190,190.93

Vehicles 305,200.00

Total Fixed Assets 547,095.74

Other Assets

Donations 8,000.00

Operating lease assets 279,620.00

Total Other Assets 287,620.00

TOTAL ASSETS 5,550,425.39

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable 473,511.46

Total Accounts Payable 473,511.46

Credit Cards

Chase Ink 4794 1,785.83

Total Credit Cards 1,785.83

Other Current Liabilities

Deffered Revenue 135,000.00

Notes Payable / GMF 8942 87,370.00

Notes Payable / GMF 9511 84,874.00

Operating lease liability 279,620.00

Total Other Current Liabilities 586,864.00

Total Current Liabilities 1,062,161.29

Total Liabilities 1,062,161.29

Equity

Melt n Dip Franchising LLC
Balance Sheet
As of October 31, 2025

	Oct 31, 25
Opening Balance Equity	-1,338,572.66
Retained Earnings	3,006,772.26
Net Income	2,820,064.50
Total Equity	4,488,264.10
TOTAL LIABILITIES & EQUITY	5,550,425.39

		Jan - Oct 25
Ordinary Income/Expense		
Income		
	Advertisememt Fee	322,843.40
	Franchise Fee	1,150,000.00
	Royalty Fees	807,238.98
	Sales	5,582,792.53
	Total Income	7,862,874.91
Cost of Goods Sold		
	Cost of Goods Sold	3,264,003.33
	Freight Costs	737.48
	Merchant Account Fees	11.19
	Total COGS	3,264,752.00
Gross Profit		4,598,122.91
Expense		
	AC Insolation Asset	8,207.00
	Accounting	3,900.00
	Advertising and Promotion	80,574.88
	Alarm	470.99
	Architiect work	47,325.00
	Asset	128,507.58
	Auto and Truck Expenses	59,471.85
	Bank Service Charges	3,016.52
	Car Payment	61,634.60
	Cleaning Supplies	1,744.00
	Construction asset	86,982.26
	Court Expense	211.64
	Designer	31,000.00
	Dumpsters	2,840.00
	Electrical Asset	1,914.67
	Electrical service	2,233.56
	Electricity	32,002.83
	Event	207.39
	Exchange Rate Fee	1,079.23
	Flood Brothers	4,003.84
	Fuel Payments	21,847.37
	Insurance Expense	17,080.50
	Internet	1,466.48
	Kitchen Supplies	34,735.16
	Landscaping Work	400.00
	Management Expense	184,765.93
	Meals and Entertainment	492.30
	Melt n Dip Franchising Contract	34,842.70
	Merchant deposit fees	2,054.93
	Mortgage	17,000.00
	Nicor Gas	4,781.26

	Office Supplies	7,795.71
	Packaging Materials	13,852.11
	Payroll Expenses	199,453.36
	Pets Control	1,112.00
	Photographer	5,500.00
	Printing and Reproduction	290.57
	Products	2,173.98
	QuickbookS Expenses	3,832.82
	Rent Expense	114,627.59
	Repairs and Maintenance	167,284.68
	Restaurant supplies	35,493.95
	Richard Oudeh	67,348.21
	Shipping Expense	26,868.38
	Shipping service	28,580.00
	Storage Container Asset	46,945.00
	Store Inspection	1,550.00
	Taxes	69,797.72
	Telephone Expense	310.00
	Tolls	3,205.00
	Travel, Hotel, Meals, Car Rental	92,801.79
	Water Bill	11,991.07
	Total Expense	1,777,608.41
Net Ordinary Income		2,820,514.50
Other Income/Expense		
Other Expense		
Ask My Accountant	0.00	
ENVIRONMENTAL	450.00	
Total Other Expense	450.00	
Net Other Income	-450.00	
Net Income		2,820,064.50

EXHIBIT B

Franchise Agreement



MELT N DIP FRANCHISE AGREEMENT

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MELT N DIP
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made by and between Melt n Dip Franchising, LLC, an Illinois limited liability company, having its principal place of business at 4620 Forest Ave., Brookfield, IL 60513 (“**Franchisor**”) and the franchisee named on the signature page of this Agreement (“**Franchisee**”).

WITNESSETH

WHEREAS, Franchisor and its affiliates have developed and own a unique system (the “**System**”) for operating and granting others the right to own and operate businesses (a “**Melt n Dip Business**” or “**Melt n Dip Businesses**”) which serve cakes, waffles, crepes, and other desserts, and hot drinks, and offer related event catering services for banquets, conventions, and weddings.

WHEREAS, the distinguishing characteristics of the System include, without limitation, the name “Melt n Dip,” specially designed buildings, distinctive interior and exterior layouts, decor, color schemes, and furnishings, recipes and preparation methods, specialized menus, standards and specifications for furniture, fixtures and equipment, business design and layouts, operating procedures, and management programs, all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including but not limited to the mark “Melt n Dip” and such other trade names, service marks, trademarks and trade dress as are now, or may hereafter, be designated by Franchisor for use in connection with the System (collectively, the “**Marks**”);

WHEREAS, Franchisor continues to develop, use, and control the use of such Marks to identify to the public the source of services and products marketed hereunder in the System and to represent the System’s high standards of quality, appearance, and service;

WHEREAS, Franchisor offers to qualified candidates the grant of a franchise to operate a Melt n Dip Business, which is referred to in this Franchise Disclosure Document as the “Melt n Dip Business” or “Melt n Dip Businesses” or “Franchised Business” or “Franchised Businesses”).

WHEREAS, Franchisee wishes to be assisted, trained, and licensed by Franchisor as a Melt n Dip franchisee and licensed to use the System in connection therewith; and

WHEREAS, Franchisee understands the importance of the System and Melt n Dip’s high and uniform standards of quality, cleanliness, appearance, and service, and the necessity of opening and operating Melt n Dip Businesses in conformity with the System.

NOW, THEREFORE, the parties hereto agree as follows:

I. APPOINTMENT

1.1 Grant of Franchise. For the Term (as defined in Section 2.1), Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, a non-exclusive license to operate one Melt n Dip Business (the “Franchised Business”), and Franchisee accepts the obligation to operate the Franchised Business during the Term. Upon approval of Franchisee’s location by Franchisor, Franchisor and

Franchisee execute Exhibit A attached hereto, which will identify the Approved Location.

1.2 Operation of the Franchised Business. Franchisee shall operate the Franchised Business, and use the Marks and the System in connection with the Franchised Business, as the Marks and the System may be modified, improved and developed by Franchisor from time to time, only in accordance with the terms and conditions of this Agreement. Franchisee shall use its best efforts to develop and promote the Franchised Business. All Melt n Dip products must be sold by Franchisee only from the Approved Location. Franchisee may not use other channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing to make sales outside of and apart from the operation of the Franchised Business at the Approved Location without Franchisor's prior written consent, which may be withheld by Franchisor in its sole discretion.

1.3 Territory. Subject to the terms and conditions of this Agreement and provided Franchisee or any of its affiliated companies is not otherwise in default of this Agreement or in default of any other agreement with Franchisor or with a parent, subsidiary or affiliate of Franchisor ("Affiliates"), Franchisor shall not establish, nor grant another the right to establish a Melt n Dip Business, during the Term, within the area described in Exhibit A of this Agreement (the "Territory"), without Franchisee's prior written consent. Upon the determination of the Approved Location, Franchisor and Franchisee shall complete and execute Exhibit A with a description of the Territory.

1.4 Reservation of Rights. Except as otherwise set forth herein, (a) the franchise granted to Franchisee under this Agreement is non-exclusive, and Franchisor grants to Franchisee the rights to establish and operate the Franchised Business at only the specific Approved Location, (b) no other exclusive, protected or other territorial rights related to the Franchised Business or otherwise is to be inferred and (c) Franchisor and/or its Affiliates have the right to operate and grant as many other franchises for the operation of Melt n Dip Businesses other than within the Territory, anywhere in the world, as they shall, in their sole discretion, elect. Franchisor and its Affiliates retain the rights, among others, within or outside of the Territory, without any compensation to Franchisee, to:

(a) distribute products and services which comprise, may in the future comprise or which do not comprise, a part of the System through any alternative distribution channels including, but not limited to, supermarkets and other retail facilities, home shows, trade fairs, exhibitions, wholesale sale, catalogs, direct marketing, the Internet or similar electronic media, using the Marks and other trademarks or service marks ("Alternate Distribution Channels");

(b) establish businesses which are franchised, licensed, or owned by Franchisor or any affiliate at any locations Franchisor deems appropriate or distribute products or services which are similar to the products and services offered under the System under trade names, trademarks, service marks, trade dress or other commercial symbols other than the Marks;

(c) acquire or be acquired by a company establishing businesses identical or similar to the Franchised Business, even if the other business operates, franchises, and/or licenses competitive businesses anywhere, including the Territory;

(d) implement and maintain multi-area marketing programs at any time, including internet and regional or national accounts. Franchisor reserves the right to establish mandatory policies and procedures for these multi-area marketing programs; and

(e) engage in any other business activities not expressly prohibited by this Agreement.

1.6 Marketing Restrictions. Throughout the term of the franchise, Franchisee must focus its marketing and promotion of the Franchised Business within the Territory. Further, Franchisee must not conduct targeted marketing outside of the Territory. "Targeted Marketing" shall include all forms of advertising and promotion for customers which can reasonably be restricted to an address, including, but not limited to, direct mailings, door leaflets, telephone solicitation, localized signs, and targeted social media or "pay per click" advertising. The purpose of this restriction includes, but is not limited to, preventing confusion in the marketplace among Melt n Dip Businesses soliciting the same customers.

II. TERM

2.1 Term. Except as otherwise provided in this Agreement and subject to earlier termination pursuant to this Agreement, the term of this Agreement (the "**Term**") shall commence on the date this Franchise Agreement is signed by Franchisor and Franchisee, and shall expire on the tenth (10th) anniversary of the date this Franchise Agreement is signed. Franchisee agrees and shall be obligated to operate the Franchised Business and perform under the terms of this Agreement for the Term, except as otherwise noted below.

2.2 Renewal Options and Condition. Franchisee shall have the option to renew its right to operate the Franchised Business for one (1) additional term of ten (10) years, provided that Franchisor does not exercise its rights in accordance with Section 2.3 below, if and only if each and every one of the following conditions has been satisfied:

(a) Franchisee gives Franchisor written notice of its election to renew not less than thirteen (13) months nor more than eighteen (18) months prior to the expiration of the Term;

(b) Franchisee executes Franchisor's then-current standard form of franchise agreement, which may contain new or significantly different terms, including but not limited to a higher royalty fee and a higher local marketing fee and different territorial protections than contained in this Agreement;

(c) Franchisee executes a general release in the form prescribed by Franchisor, of any and all claims Franchisee may have against Franchisor and its Affiliates, and their respective shareholders, officers, directors, members, managers, employees and agents, predecessors, successors and assigns;

(d) Franchisee is not then in default of any provisions of this Agreement, or any other agreement between Franchisee or its affiliates and Franchisor, or its Affiliate;

(e) Franchisee has fully and faithfully performed all of Franchisee's obligations under this Agreement throughout the Term;

(f) Franchisee has paid or otherwise fully satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates and to designated suppliers any indebtedness of Franchisee that is guaranteed by Franchisor, and Franchisee has timely paid or otherwise satisfied these obligations throughout the Term;

(g) Franchisee agrees, at its sole cost and expense, to remodel, reimage, renovate, refurbish and modernize the Franchised Business within six months after execution of the then-current standard form of franchise agreement including but not limited to building design, parking lot, landscaping, equipment, point of sale system, signs, interior and exterior decor items, fixtures,

furnishings, equipment, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet Franchisor's then-current standards, specifications and design criteria for Melt n Dip Businesses, as contained in the then-current franchise agreement and Manual (as defined in Article VII), or otherwise in writing including but not limited to such structural changes, remodeling and redecoration and such modifications to existing improvement as may be necessary to do so; and

(h) Franchisee and its manager(s) comply with Franchisor's then-current training requirements and attend such refresher training classes as Franchisor deems necessary.

(i) Franchisee maintains possession of the premises of the Approved Location, or if Franchisee is unable to maintain possession of the Approved Location, secures an approved substitute and agrees to expeditiously develop the substitute premises in compliance with the then current standards and specifications for the development of Melt n Dip Businesses; and

(j) Franchisee pays to Franchisor a renewal fee in the amount of Ten Thousand Dollars (\$10,000) prior to the signing of the renewal Franchise Agreement.

2.3 Effect of Non-Renewal. Franchisee will not have the right to renew this Agreement upon its expiration if Franchisee fails to comply with any of the above conditions of renewal. Upon the expiration of the Term, Franchisee shall comply with the provisions of Article XVI of this Agreement.

2.4 Continued Operation Following Expiration. Franchisee has no right to continue to operate the Franchised Business after the expiration of the initial term of this Agreement unless Franchisee is granted a renewal Franchise Agreement in accordance with this Section 2. If Franchisor permits Franchisee to continue to operate the Franchised Business after the expiration of the initial term of this Agreement but before the execution of a renewal Franchise Agreement as required by Section 2.2, then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at Franchisor's option by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

III. FEES

3.1 Initial Franchise Fee. In consideration of the franchise granted to Franchisee herein, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount of Fifty Thousand Dollars (\$50,000) payable in one lump sum upon execution of this Agreement by Franchisee. Except as otherwise specifically provided herein at Section 8.2, the initial franchise fee is non-refundable. The Initial Franchise Fee is deemed fully earned upon payment, in consideration of expenses incurred by Franchisor in granting the franchise and for Franchisor's lost or deferred opportunity to grant a franchise to others.

3.2 Royalty. Franchisee shall pay to Franchisor a recurring, non-refundable royalty in the amount of five percent (5%) of Gross Sales (as defined herein) during the Term, payable monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) calculated on Gross Sales of the preceding week. Royalty fees shall be paid in the manner set forth in Section 3.5 of this Agreement or as otherwise provided for in the Manual.

3.3 Local Marketing Fee. Franchisee shall pay to Franchisor a recurring, non-refundable fee in the amount of two percent (2%) of Gross Sales (as defined herein) during the Term, payable monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor)

calculated on Gross Sales of the preceding week. Local marketing fees shall be paid in the manner set forth in Section 3.5 of this Agreement or as otherwise provided for in the Manual.

3.4 Late Payment Charge. If any monetary obligations owed by Franchisee to Franchisor or to its Affiliates are more than seven (7) days overdue, Franchisee shall, in addition to any other obligations, pay to Franchisor a sum equal to one and one-half percent (1.5%) of the overdue balance per month, or the highest rate permitted by law, whichever is less, from the date said payment is due (“**Late Payment Charge**”).

3.5 Pre-Authorized Payment Methods. Franchisee shall pay for all purchases from, or fees owed to, Franchisor or its Affiliates by automated clearing house (“**ACH**”), as Franchisor may require, or by other means as set forth in this Agreement or in the Manual. Franchisor or its Affiliates shall have the right to withdraw the entire amount of any amounts owed to Franchisor or its Affiliates from Franchisee’s designated bank account (“**ACH Account**”) in accordance with the terms set forth in the Manual, as modified by Franchisor periodically. Franchisee shall, upon execution of this Agreement or any time after at Franchisor’s request, execute all documents or forms as Franchisor determines are necessary for Franchisor to process ACH withdrawals from Franchisee’s ACH Account for payments due, including the ACH Authorization Form attached hereto as Exhibit C. Franchisee agrees that it shall be responsible for any ACH transfer fee or similar charge imposed by the bank. Should any ACH not be honored by Franchisee’s bank for any reason, Franchisee shall be responsible for that payment plus any service charge applied by Franchisor and the bank. Franchisee agrees that any time an ACH transaction is not honored, Franchisee shall pay to Franchisor its then-current non-sufficient funds fee. Franchisee’s failure to maintain, at all times, an ACH Account in accordance with this Agreement shall be a material default of this Agreement. Franchisor has the right to periodically specify (in the Manual or otherwise in writing) different payees and/or payment methods, such as weekly/biweekly/monthly payment, payment by auto-draft and payment by check.

3.6 Gross Sales. For purposes of this Agreement, the term “Gross Sales” means all sales, revenues and receipts generated by the Franchised Business, including fees for any and all services Franchisee performs, whether for cash or credit (regardless of collectability) and revenues of every kind related to the Franchised Business, including but not limited to revenues from the sale of food, beverages, merchandise, proprietary products or clothing, delivery and catering not included in the price of menu items, and other services made and rendered in, on, or from the premises of the Franchised Business, or through any other means, including sales outside of the premises, that are in any way related to the Franchised Business, whether for cash, exchange or credit (and regardless of collection in the case of credit), and proceeds of business interruption insurance policies, except that Gross Sales will not include sales use or services taxes collected from customers and actually paid to the appropriate taxing authority.

IV. ACCOUNTING AND RECORDS

4.1 Maintenance and Retention of Books and Records. During the Term, Franchisee shall maintain and preserve complete and accurate books, records and accounts in accordance with U.S. Generally Accepted Accounting Principles and in the form and the manner prescribed by Franchisor from time to time in the Manual or otherwise in writing, which may include the use of designated software or web-based platform, standard chart of accounts, and specified reporting period uniformity throughout the franchise system, and Franchisor access to the financial data. Franchisee agrees to elect a fiscal year the same as Franchisor’s fiscal year.

4.2 Royalty Reports. The parties acknowledge and agree that Franchisor shall have full access to Franchisee’s point-of-sale system, back of house software and any other systems, software or applications

as may be used by Franchisee in operating the Franchised Business in the future to retrieve Gross Sales, financial data and other information relating to the Franchised Business. Franchisor shall provide a monthly Gross Sales report to Franchisee based on the information retrieved upon which Franchisee shall pay royalties. Franchisor reserves the right to change the manner in which Gross Sales reports are prepared in the future.

4.3 Monthly Statements. During the Term, Franchisee shall, at its expense, submit to Franchisor within ten (10) days following the end of each of each month, a statement providing certain sales and other financial data in a form and format as Franchisor may reasonably require together with a certificate executed by Franchisee or an officer of Franchisee stating that such financial statement is true and accurate. Upon Franchisor's request, Franchisee shall submit to Franchisor, with each Monthly Statement, copies of any state or local sales tax returns filed by Franchisee for the period included in the Monthly Statement.

4.4 Financial Statements. Franchisee shall, at its expense, submit to Franchisor during the Term of this Agreement, unaudited financial statements for the preceding annual period and for the preceding fiscal year, together with a certificate executed by Franchisee certifying that such financial statement, as applicable, is true and accurate and such other information in such form as Franchisor may reasonably require. Upon written request from Franchisor, the foregoing Financial Statements shall include both a profit and loss statement and a balance sheet, and shall be prepared in accordance with generally accepted accounting principles. Franchisee must furnish Franchisor with any additional financial statements and any tax returns for the Franchised Business within fifteen (15) days after Franchisee's receipt of Franchisor's written request for the information.

4.5 Other Reports; Reporting Requirements. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, financial statements, reports, records, information and data as Franchisor may reasonably designate, in the form and in the manner and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing. Franchisor may from time to time change the form, manner and times relating to submission of statements and/or other reports as specified in the Manual or otherwise in writing

4.6 Equipment. Franchisee shall record all sales on point-of-sale equipment as required by the Manual or as otherwise approved in writing by Franchisor.

4.7 Franchisor's Right to Audit. Franchisor or its designated agents or auditors shall have the right at all reasonable times to audit, review and examine by any means, including electronically through the use of telecommunications devices or otherwise, at its expense, the books, records, accounts and tax returns of Franchisee. If any such audit, review or examination reveals that Gross Sales have been understated in any report to Franchisor, Franchisee shall immediately pay to Franchisor the royalty fee and local marketing fee due with respect to the amount understated, in addition to the Late Payment Charge. If any such understatement exceeds three percent (3%) of Gross Sales as set forth in the report, or if such audit is made necessary by Franchisee's failure to furnish reports, financial statements or other documents or information as herein required, Franchisee shall, in addition, immediately reimburse Franchisor for any and all costs and expenses connected with such audit, review or examination (including but not limited to reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other rights and remedies Franchisor may have under this Agreement or applicable law.

4.8 Failure to Comply with Reporting Requirements. If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Sales, Franchisor shall have the right to deliver

to Franchisee an estimate, made by Franchisor, of Gross Sales for the period under consideration, and Franchisee shall pay to Franchisor any amount determined by Franchisor to be due based on such Gross Sales estimates within five (5) business days of the date of the estimate. Any estimated payments shall be deemed the minimum amount of fees due for the required reports, and Franchisee shall remain liable for all fees in excess of these amounts once the actual Gross Sales related to these reports are determined. Franchisee shall also pay to Franchisor the Late Payment Charge on all unpaid amounts.

4.9 Personal Information Privacy. Franchisor has the right, and Franchisee hereby consents, to Franchisor using and disclosing all personal information collected from Franchisee and its owners for any purpose connected with the System, and this Agreement and its enforcement, including providing or listing contact information for Franchisee and its owners and management employees for System communication purposes, including with landlords and other suppliers of goods or services, or prospective franchisees; posting on franchise system websites listing franchisees; in or in connection with Franchisor's disclosure documents and, where applicable, prospectuses, statements of material facts and other securities filings and documents; and making reports or information received from Franchisee pertaining to the Franchised Business, or portions thereof or extracts therefrom, available for inspection by prospective franchisees, to substantiate information contained in Franchisor's disclosure documents for prospective franchisees regarding the subject matter of such reports or information, as the same pertain to the Franchised Business or the System in general. Franchisor may also share such personal information where needed with its professional advisors, lenders or affiliates or under agreements with third parties relating to the Franchised Business or the System. Franchisor may give access to or transfer its files containing such personal information to a prospective purchaser or purchaser of the franchise system. Franchisee is responsible to obtain any required consents from its owners and management employees as may be necessary for it to comply with these provisions.

V. PROPRIETARY MARKS

5.1 Marks. It is understood and agreed that the license granted under this Agreement to use the Marks applies only to use in connection with the operation of the Franchised Business at the Approved Location set forth on Exhibit A, and includes only the Marks as are now designated or which may hereafter be designated, and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor. Franchisee acknowledges that it has not acquired any right, title, or interest in the Marks except for the right to use the Marks in the operation of the Franchised Business in compliance with this Agreement.

5.2 System. Franchisee acknowledges that Franchisor and Franchisor's affiliate, Melt n Dip, Inc., own and control the distinctive plan for the establishment, operation, and promotion of a Melt n Dip Business and all related methods of doing business, previously defined as the System, which include, but are not limited to, Franchisor's standards and specifications for Melt n Dip Businesses, operational methods, food and preparation methods, products, supplies, equipment, marketing techniques, written promotional materials, advertising, and accounting systems, all of which constitute confidential information and trade secrets of Franchisor, and Franchisee acknowledges that Franchisor has valuable rights in and to this confidential information and trade secrets. Franchisee additionally acknowledges that it has not acquired any right, title, or interest in the System, except for the right to use the System in the operation of the Franchised Business as governed by this Agreement and Franchisee is obligated to maintain the confidentiality of the System in accordance this Agreement. Any improvements in or additions to the System, Franchisor's copyrighted materials, website or any other documents or information pertaining to or relating to the System or the Franchised Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Franchised Business (collectively, the "Improvements") conceived or developed by Franchisee shall become the property of Franchisor

and/or Franchisor's affiliate. Franchisee agrees to assign and does hereby assign to Franchisor and/or Franchisor's affiliate, all right, title and interest in and to the Improvements, including but not limited the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees of the System without any obligation to Franchisee for royalties or other fees. Franchisor and/or Franchisor's affiliate may, at its discretion, apply for and own copyrights, patents, tradenames, trademarks and service marks relating to any such Improvements and Franchisee shall cooperate with Franchisor or Franchisor's affiliate in securing such rights. Franchisor and/or Franchisor's affiliate may also consider such Improvements as its property and trade secrets. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by Franchisee or any other authorized person or entity retained or employed by Franchisee is the property of Franchisor and/or Franchisor's affiliate, and Franchisor and Franchisor's affiliate 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 meanings of the United States Copyright Act and, to the extent such copyrighted materials do not automatically accrue or inure to Franchisor or Franchisor's affiliate, Franchisee irrevocably assigns and agrees to assign to Franchisor and/or Franchisor's affiliate, and their 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 Franchisor and/or Franchisor's affiliate and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure Franchisor's right to the Improvements as required in this Section.

5.3 Conditions and Limitations. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

(a) Franchisee shall not use any of the Marks as part of Franchisee's electronic mail address (except for any e-mail address assigned by Franchisor), or as part of any URL, web page, domain name, locator, link, metatag, or on any sites on the internet or the world wide web;

(b) Franchisee shall use no service mark or trademark other than the "Melt n Dip" service mark or any other Marks as may be specified by Franchisor for use in the identification, marketing, promotion, or operation of the Franchised Business;

(c) Franchisee shall not hold out or otherwise use the Marks to perform any activity or incur any obligation or indebtedness in such manner as might, in any way, make Franchisor liable therefore, without Franchisor's prior written consent; and

(d) Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain the continued validity of the Marks.

5.4 Franchisee's Business Name. Franchisee acknowledges that between Franchisor and Franchisee, Franchisor has a prior and superior claim to the "Melt n Dip" trade name. Franchisee shall not use the words "Melt n Dip" or any combination thereof, in the legal name of its corporation, limited liability company, partnership, or any other business entity used in conducting the Franchised Business. Franchisee also agrees not to register or attempt to register a trade name using the words "Melt n Dip"

in Franchisee's name or that of any other person or business entity, without the prior written consent of Franchisor. Franchisee shall not identify itself as being "Melt n Dip" or as being associated with Franchisor or its Affiliates in any manner other than as a franchisee or licensee. Franchisee shall, in all advertising and promotion and promotional materials, display its business name only in obvious conjunction with the phrase "an independent Melt n Dip Licensee" or "an independent Melt n Dip Franchisee" or with other words and in other phrases so as to identify itself as an independent owner of the Franchised Business, or as otherwise may be required in the Manual.

5.5 Signage. Franchisee shall display a standard sign in the Franchised Business, as may be specified by Franchisor, indicating to the public that the Franchised Business is independently owned and operated as a franchisee or licensee of the System.

5.6 Use Outside the Scope of License. Franchisee acknowledges that the use of the Marks outside the scope of this Agreement, without Franchisor's prior written consent, is an infringement of Franchisor's and Franchisor's affiliate's exclusive right to use the Marks. During the Term and after the expiration or termination of this Agreement, Franchisee covenants not to, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of ownership of the Marks, or take any other action in derogation of Franchisor's ownership of the Marks.

5.7 Mark Infringement. Franchisee shall immediately notify Franchisor in writing of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's and Franchisor's affiliate's right to use, the Marks. Franchisee acknowledges that Franchisor and Franchisor's affiliate have the right, in their sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use of the Marks. Franchisor and/or Franchisor's affiliate may prosecute the action in Franchisor's or Franchisor's affiliate's own name and may join Franchisee as a party to the action if Franchisor and/or Franchisor's affiliate determines it to be reasonably necessary for the continued protection and quality control of the Marks and the System. Franchisor or Franchisor's affiliate shall bear the reasonable cost of any such action, including attorneys' fees. Franchisee shall fully cooperate with Franchisor in any such litigation.

5.8 Reservation of Rights. Franchisee understands and agrees that its license with respect to the Marks is non-exclusive and that Franchisor has and retains the sole right under this Agreement:

- (a) To grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;
- (b) To develop and establish other franchise systems for the same, similar, or different products or services utilizing proprietary marks not now or hereafter designated as part of the System, and to grant licenses thereto, without providing Franchisee any such rights;
- (c) To develop and establish other systems for the sale, at wholesale or retail, of similar or different products utilizing the same or similar Marks, without providing Franchisee any such rights; and
- (d) As otherwise provided in this Agreement.

5.9 Goodwill. Franchisee acknowledges and expressly agrees that any and all goodwill associated with the System and identified by the Marks used in connection therewith inures directly and exclusively to the benefit of Franchisor and/or Franchisor's affiliate and is the property of Franchisor and/or Franchisor's affiliate, and that upon the expiration or termination of this Agreement or any other

agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of Franchisee's activities in the operation of the Franchised Business granted herein, or Franchisee's use of the Marks.

5.10 Covenants. Franchisee understands and acknowledges that each and every detail of the System is important to Franchisee, Franchisor, Franchisor's affiliate and other franchisees in order to develop and maintain high and uniform standards of quality and services, and hence to protect the reputation and goodwill of Melt n Dip Businesses, Franchisor, Franchisor's affiliate and the System. Accordingly, Franchisee covenants:

(a) To operate and advertise the Franchised Business, at Franchisee's own expense, under the name "Melt n Dip," without prefix or suffix;

(b) To adopt and use the Marks licensed under this Agreement solely in the manner prescribed by Franchisor; and

(c) To observe such reasonable requirements with respect to trademark registration notices as Franchisor may from time to time direct in the Manual or otherwise in writing.

5.11 Inspections. In order to preserve the validity and integrity of the Marks and to assure that Franchisee is properly employing the same in the operation of the Franchised Business, Franchisor or its agents shall at all reasonable times have the right to inspect Franchisee's operations, business premises and the Franchised Business and to make periodic evaluations of the services provided and the products sold and used therein. Franchisee shall cooperate with Franchisor's representatives in such inspections and render such assistance to the representatives as may reasonably be requested.

5.12 Change of Marks. If Franchisor, in its sole discretion, shall determine it necessary to modify or discontinue use of any Mark, or to develop additional or substitute marks, Franchisee shall, within a reasonable time after receipt of written notice of a modification or discontinuation from Franchisor, take such action, at Franchisee's sole expense, as may be necessary to comply with the modification, discontinuation, addition or substitution.

5.13 Consents to Use of Marks. Franchisee additionally agrees to execute all additional documents and assurances in connection with the use of the Marks as reasonably requested by Franchisor and/or Franchisor's affiliate and agrees to fully cooperate with Franchisor or Franchisor's affiliate or any other franchise owner or licensee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of the Marks or any other name that is or becomes a part of the System.

VI. BUSINESS DEVELOPMENT AND OPENING; RELOCATION

6.1 Ownership of Franchisee. Prior to the opening of the Franchised Business, any individual signing as franchisee shall establish a corporation, limited liability company, general partnership or limited partnership ("Entity"), to own and operate the Franchised Business and shall assign this Agreement to the Entity. Franchisee's owners, shareholders, officers, directors, members, managers and partners (or persons holding comparable positions in non-corporate entities) shall be referred to herein as "Principals". Franchisee must complete and update throughout the Term, as necessary, the "Statement of Ownership" attached as Exhibit D and:

(a) All persons who own any interest in the Entity must guaranty Franchisee's

performance under this Agreement by signing the “Guaranty and Assumption of Franchisee’s Obligations” attached as Exhibit E;

(b) Franchisee shall provide to Franchisor a resolution signed by all shareholders, directors, members, managers or partners, as appropriate, designating the principal contact for the Entity and Franchisee. This principal contact must be a controlling shareholder, managing member or general partner. This representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters regarding the Franchised Business;

(c) Franchisee shall designate a designated manager who will devote full-time and best efforts to the management of the Franchised Business. Franchisee shall also designate a food service specialist (“Food Service Specialist”). The designated manager and Food Service Specialist must successfully complete Franchisor’s initial training program. Franchisee shall give Franchisor immediate notice of any change in the designated manager and must arrange for the new designated manager to attend Franchisor’s initial training program. The designated manager providing the direct on-site supervision of the operation of the Franchised Business may, but it is not required to be, an owner.

(d) The Entity shall engage in no other business than the operation of the Franchised Business unless Franchisor approves such other business in writing. Franchisor may, in its sole discretion, for any reason, elect to withhold approval;

(e) Franchisee shall furnish to Franchisor, upon execution or any subsequent transfer of this Agreement, a copy of Franchisee’s articles of incorporation, articles of organization, bylaws, operating agreement, partnership agreement or equivalent governing document, as applicable, and shall thereafter promptly furnish Franchisor with a copy of any and all amendments or modifications thereto;

(f) Franchisee shall promptly furnish Franchisor, on a regular basis, with certified copies of such Entity records material to the Franchised Business as Franchisor may require from time to time in the Manual or otherwise in writing; and

(g) Franchisee shall maintain transfer restrictions on its records, of any securities with voting rights, subject to the restrictions of this Agreement, and each certificate of Franchisee representing ownership or equity interests in the Entity, shall have conspicuously endorsed upon it the following legend:

The transfer of this *[stock/membership interest/ownership interest]* is subject to the terms and conditions of a Melt n Dip Franchise Agreement with Melt n Dip dated____. Reference is made to the provisions of said Franchise Agreement and to the governing documents of *[name of Franchisee Entity]*.

6.2 Site Selection and Approval. If the location is not designated on Exhibit A at the time this Agreement is executed, it is Franchisee’s sole responsibility to undertake site selection activities and otherwise secure the premises for the Franchised Business. Prior to entering into a lease for a site, Franchisee must submit to Franchisor a site evaluation form for the proposed site, together with a letter of intent, proposed lease, or other evidence satisfactory to Franchisor which confirms Franchisee’s favorable prospects for obtaining the proposed site. Franchisor in its discretion shall determine what factors it will consider in approving or disapproving a site, including but not limited to characteristics of the location and premises and financial terms of the proposed purchase agreement or lease. In the event that Franchisee proposes to lease the proposed site from an affiliated entity, or an entity that includes any member or shareholder of the Franchisee business entity as a member or

shareholder, Franchisor may be required to submit a proforma and/or draft lease to Franchisor before a determination is made by Franchisor regarding approval of the site. Franchisee or the affiliated entity shall not secure financing or purchase the property until the site has been approved by Franchisor. Approval of the proposed site shall be deemed to have been given if Franchisor has not notified Franchisee within ten (10) business days after receiving Franchisee's written proposal and all required documents. While Franchisor may use its experience in providing any assistance to Franchisee regarding site selection and in approving a site, nothing contained herein shall be interpreted as a guarantee of success for said location. Franchisee must obtain Franchisee's written approval of a proposed site before entering into a lease. Franchisee must have a proposed site approved by Franchisor within one hundred eighty (180) days of the date of the execution of this Agreement. Franchisor has the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to Franchisee if Franchisee has not obtained Franchisor's written approval of a site for the Franchised Business within time frames described above.

6.3 Lease of Premises. Any letter of intent for a lease for the premises of Melt n Dip Business and any proposed lease for the premises of Melt n Dip Business must be approved by Franchisor before it is executed by Franchisee. Franchisor may, in its discretion, require that the letter of intent and the lease contain commercially reasonable terms based on current market conditions and that certain terms and provisions be included in the letter of intent and the lease. Franchisor's approval of the lease shall also be conditioned upon the landlord's execution of the Addendum to Lease and Collateral Assignment attached hereto as Exhibit B, or inclusion in the lease similar terms as approved by Franchisor. The requirements set forth herein apply whether the lessor is an unrelated third party or is an affiliate of Franchisee. Once executed, Franchisee will provide Franchisor with a fully signed copy of the complete lease for the premises of Melt n Dip Business.

6.4 Premises Development. Prior to obtaining possession of the site for Melt n Dip Business, Franchisee shall secure all financing required to fully develop Melt n Dip Business. Promptly after obtaining possession of the site for the Franchised Business, Franchisee will: (i) cause to be prepared and submit for approval by Franchisor a site plan. Franchisor shall then provide basic drawings and specifications, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs, and decorating required for the development of the Franchised Business; Franchisee is required to hire a licensed architect designated by Franchisor and have these drawings and specifications modified by the architect, as required, to meet applicable ordinances, building codes or permit requirements (Franchisor must approve any such modifications to the drawings and specifications) and to fit the configuration of the approved site; (ii) obtain all required zoning changes, all required building, utility, health, sanitation and sign permits and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs as hereinafter provided; (iv) complete the construction and/or remodeling, equip, furnish and decorate the Franchised Business in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and (vi) upon completion of construction, furnish Franchisor final costs for the construction, equipment, build-out, deposits, and total development of the Franchised Business. Once the premises of the Franchised Business is established and approved by Franchisor, no changes in the interior or exterior design of the Franchised Business or the equipment or fixtures used within may be made without prior written consent of Franchisor.

6.5 Franchisor Consent to Open. Franchisee shall not commence operation of the Franchised Business until: (1) the Franchisee entity has been established in accordance with Section 6.1 herein; (2) the premises of the Franchised Business has been developed in accordance with Section 6.2 herein; (3) Franchisee and required managers and food service specialists have successfully completed the initial training program; (4) Franchisee has obtained all required certifications and license for operating the Franchised Business; (5) Franchisee has furnished Franchisor with copies of all insurance policies required by Article XII of this Agreement, and (6) Franchisee requests and obtains Franchisor's written consent to open for business. Franchisee must have met the foregoing requirements and opened the Franchised Business within

twelve (12) months of the execution of this Agreement. Franchisor has the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to Franchisee if fail to open the Franchised Business with Franchisor's approval within the applicable time periods described above. If extenuating circumstances beyond Franchisee's control delay the opening of the Franchised Business and Franchisee has been making reasonable efforts to open the Franchised Business, Franchisor may (in its sole discretion) agree to extend the date for opening for an additional reasonable amount of time determined by Franchisor based on the circumstances.

6.6 Relocation of Franchised Business.

(a) If Franchisee's lease for the premise of the Franchised Business terminates without fault of Franchisee, or expires without any possibility of renewal by Franchisee on commercially reasonable terms as determined by Franchisor, or if in the judgment of Franchisor and Franchisee there is a change in the character of the location of the Franchised Business sufficiently detrimental to its business potential to warrant its relocation, Franchisor shall grant permission for relocation of the Franchised Business to a location approved by Franchisor. Franchisee may not open a relocated Franchised Business without the on-site presence of Franchisor's representative, unless a waiver is requested in writing by Franchisee and approved in writing by Franchisor. Even if the aforementioned request and approval are granted, Franchisee must obtain Franchisor's written authorization, in its sole discretion, of the specific date that the Franchised Business may open. In the event of relocation, the parties will enter into an agreement which will set forth the new location for Franchisee's Franchised Business and a deadline by which Franchisee must open for business at the new location, after which time Franchisee will be obligated to resume paying the royalty whether or not the new location has opened for business. Until such time that the new location is open for business, the amount of the royalty will be based on the Franchisee's average monthly level of Gross Sales during the one-year period prior to closing the first Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall not be undertaken without Franchisor's prior written consent. Franchisee shall pay to Franchisor a relocation fee in the amount of One Thousand Dollars (\$1,000) to cover Franchisor's services and associated costs in connection with such relocation. Franchisee shall pay the relocation fee upon Franchisor's acceptance of the new location for the Franchised Business.

(b) Franchisor shall also have the right to require Franchisee to upgrade the relocated Franchised Business to conform to Franchisor's then current image, standards, and specifications for construction and equipment for all new Franchised Businesses.

(c) In the event of a relocation of the Franchised Business, Franchisee shall promptly remove from the former Franchised Business premises any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery, supplies, forms and other articles which display any of the Marks and distinctive features or designs associated with the System. Any articles which display any of the Marks or any distinctive features or designs associated with the System which are not used by Franchisee at the new Franchised Business location shall be disposed of by Franchisee as directed by Franchisor following notice to Franchisor to the effect such articles will not be used at the new Franchised Business. Furthermore, Franchisee shall, at Franchisee's expense, immediately make such modifications or alterations as may be necessary to distinguish the former Franchised Business premises so clearly from its former appearance and from other Franchised Business so to prevent any possibility of confusion by the public (including, without limitation, removal of all distinctive physical and structural features identifying Franchised Business and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the former Franchised Business and adjacent areas at any time to make such alterations as Franchisor deems appropriate to distinguish Franchisee's former Franchised Business premises, without liability for trespass. Franchisee expressly acknowledges that failure to make such alterations will cause irreparable injury to

Franchisor and hereby consents to entry, at Franchisee's expense, of any ex parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the former Franchised Business premises is not properly and completely undertaken, Franchisor may then revoke its permission for relocation and declare a default under this Agreement.

(d) In the event Franchisee loses possession of the premises Franchised Business for whatever reason prior to the expiration of the term of this Agreement, Franchisee is required to diligently search for a new location and open and operate the Franchised Business as promptly as commercially practicable. In the event Franchisee fails to diligently pursue a new location and open a new Franchised Business, Franchisee shall be liable to Franchisor for Liquidated Damages as provided for herein.

VII. CONFIDENTIAL OPERATIONS STANDARDS MANUAL

7.1 Compliance With Confidential Operations Standards Manual. In order to protect the reputation and goodwill of Franchisor and the System and to maintain uniform standards of operation under the System and the Marks, Franchisee shall conduct the Franchised Business in accordance with Franchisor's Confidential Operations Standards Manual (together with any other manuals and written materials created or approved for use in the operation of the Franchised Business granted herein, and all amendments and updates thereto, collectively the "**Manual**"), which contains the standards, specifications, procedures and techniques of the System. The Manual may exist in multiple parts, be in various locations and formats and may include a combination of audio, video, written materials, electronic media, website content and/or software components. The Manual shall remain the sole property of Franchisor and must be returned to Franchisor at Franchisor's direction. Franchisee, and if Franchisee is an Entity, its Principals, acknowledge that the contents of the Manual and Franchisee's knowledge of Franchisor's processes, services, products, know-how and the System, are secret, unique, and confidential and contain trade secrets and other material proprietary to Franchisor. Franchisee acknowledges that its entire knowledge of the operation of the Franchised Business is and shall be derived from information disclosed to Franchisee by Franchisor and that certain of the information is proprietary, confidential and a Trade Secret of Franchisor. "**Trade Secrets**" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures or improvements regarding the Franchised Business or the System that is valuable and secret in the sense that it is not generally known to competitors of Melt n Dip. Franchisee shall maintain the absolute confidentiality of all Trade Secrets during and after the Term, and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee agrees not to disclose the contents of the Manual to unauthorized persons and to use Franchisee's best efforts to prevent unauthorized disclosure to any person, as this disclosure would cause irreparable harm to Franchisor and the System. Franchisee understands that the Manual is loaned to Franchisee in an online format, and that at all times the Manual remains the sole property of Franchisor. The Manual may be provided in printed or electronic form and Franchisee agrees to return any printed copies of the Manual to Franchisor or destroy any files containing the Manual upon the termination of this Agreement or at times as may otherwise be directed by Franchisor. Franchisee shall not copy or otherwise duplicate the Manual or any other proprietary materials without Franchisor's consent. The Manual may contain both mandatory as well as certain optional or advisory terms, which Franchisor includes as a convenience to Franchisee and to assist in the operation of the Franchised Business as Franchisee deems appropriate in its business judgment. Franchisee must comply with all mandatory specifications, standards, and procedures set forth in the Manual. Franchisor retains the right to modify, change, add to, delete, or supplement the Manual and to specify other systems, procedures or forms in any manner it deems necessary, in its sole discretion, and shall notify Franchisee about changes in writing by mail, electronic mail or postings on Franchisor's intranet system or website on the internet.

Upon receipt of notice of changes to the Manual, Franchisee must comply with any such changes that are mandatory.

VIII. TRAINING

8.1 Training Generally. Before Franchisee opens the Franchised Business, and from time to time thereafter, Franchisor will make available to Franchisee various mandatory and optional training programs. Franchisee must timely complete all mandatory training as set forth in this Article VIII. Franchisee acknowledges that, as the owner of its Melt n Dip Business, Franchisee is responsible for the training of its employees.

8.2 Initial Training. Franchisee's principal owner, designated manager(s), and Food Service Specialist(s) as required by Franchisor must attend and successfully complete Franchisor's initial training program. The length of training will be determined at Franchisor's discretion and dependent upon the prior experience of the attendees. The cost of Initial Training (instruction and required materials) for up to two (2) people is borne by Franchisor. All other expenses, including travel, meals and lodging and Franchisee's employee wages, are the responsibility of Franchisee. Additional owners, designated managers, and Food Service Specialists may attend the initial training program as space is available and for One Thousand Five Hundred Dollars (\$1,500) per attendee. The initial training program will be furnished at Franchisor's offices or other locations designated by Franchisor.

If, during the initial training program, Franchisor determines, in its sole discretion, that Franchisee did not successfully complete the initial training, Franchisor has the right to require the Franchisee to attend and successfully complete additional training and/or Franchisor has the right to terminate this Agreement, effective upon delivery of written notice thereof to Franchisee. If Franchisee is terminated by Franchisor for failure to successfully complete the initial owner training, Franchisor agrees to refund fifty percent (50%) of the initial franchise fee paid upon Franchisee's execution and delivery to Franchisor of a termination agreement and general release of all claims in a form satisfactory to Franchisor.

If during any training program, Franchisor determines, in its sole discretion, that any proposed manager is not qualified to manage the Franchised Business, Franchisor will notify Franchisee of that determination and Franchisee must then select and enroll a substitute manager in such training program, and such substitute manager must attend and successfully complete the initial training program. If Franchisee desires to have additional managers trained by Franchisor, Franchisor will make this opportunity available to Franchisee provided training space is available in a regularly scheduled class. For each such additional manager, Franchisee will pay Fifteen Hundred Dollars (\$1,500) per attendee for this additional training.

8.3 Supplemental Education. Franchisor may from time to time provide, and may require, that Franchisee, its owners and/or managers attend and successfully complete supplemental training, seminars, regional franchise meetings or webinars to be conducted at times and locations designated by Franchisor. Franchisor may charge a tuition fee of Three Hundred Dollars (\$300) per attendee per day for any such training, seminars, meetings or webinars and Franchisee will be responsible for all expenses incurred by Franchisee's owners and/or managers in attending these programs.

8.4 Additional Training. Franchisee may request and Franchisor may, in its sole discretion, provide additional initial or ongoing training beyond the amount normally provided to franchisees ("**Additional Training**"). If Franchisor provides such Additional Training, Franchisee shall pay Franchisor Three Hundred Dollars (\$300) per trainer per day for such Additional Training, plus any travel and living expenses incurred by Franchisor's representative if travel to Franchisee's location is necessary to conduct such Additional Training.

IX. DUTIES OF FRANCHISOR

9.1 Continuing Advisory Assistance. Franchisor will make available to Franchisee such continuing advisory assistance in the operation of the Franchised Business, in person or by electronic or written communications made available from time to time as Franchisor deems advisable.

9.2 Pre-Opening Assistance. Franchisor, in its sole discretion, may provide opening assistance to Franchisee at the Franchised Business, including but not limited to the following:

(a) Provide Franchisee with lists of designated and approved suppliers and other standards and specifications for purchasing initial furniture, fixtures, equipment, products, materials and supplies necessary for commencement of operations and guidance for ordering same;

(b) Provide location research and site selection assistance and guidance, including real estate and demographic analysis, as Franchisor deems advisable, subject to the availability of Franchisor's personnel. However, the selection of a site for the Approved Location is the sole responsibility of Franchisee;

(c) Provide typical floor plans and site build-out specifications for the construction of the Franchised Business; and

(d) Provide training to Franchisee's owners and managerial employees as set forth in Article VIII of this Agreement.

9.3 Standard Plans and Specifications. Franchisor will make available to Franchisee standard plans and specifications to be utilized only in the construction of the Franchised Business. The standard plans and specifications will be initially provided in the Manual. No modification to or deviations from the standard plans and specifications may be made without the written consent of Franchisor. Franchisee shall obtain, at its expense, further qualified architectural and engineering services to prepare surveys, site and foundation plans, and to adapt the standard plans and specifications to applicable local or state laws, regulations or ordinances. Franchisee shall bear the cost of preparing plans containing deviations or modifications from the standard plans.

9.4 Uniformity; Suppliers. Franchisor will continue its reasonable efforts to assist Melt n Dip Businesses in maintaining high and uniform standards of quality, cleanliness, appearance and service, to protect and enhance the reputation of the System and the demand for the products and services of the System. Franchisor will establish uniform criteria for approving suppliers and make every reasonable effort to disseminate its standards and specifications to prospective suppliers of Franchisee upon written request of Franchisee. However, Franchisor may elect not to make available to prospective suppliers the standards and specifications for such formulae or equipment designs deemed by Franchisor in its sole discretion to be confidential. Franchisor may conduct periodic inspections of the business premises and evaluations of the products used and sold at the Franchised Business.

9.5 Delegation. Franchisee agrees that Franchisor shall have the right to delegate to third-party designees, whether Franchisor's agents or independent contractors with whom Franchisor has contracted, the performance of any portion or all of Franchisor's obligations under this Agreement, and any right Franchisor has under this Agreement. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisor in compliance with this Agreement.

9.6 Website. Franchisor and its affiliate have developed and maintain a website relating to Melt

n Dip Businesses (“Melt n Dip Website”). Franchisor and its affiliates may market and sell from Melt n Dip Website various products and services worldwide that may compete with Franchisee and other franchisees within and outside the Territory. Melt n Dip Website as it may be developed and changed from time to time is Franchisor’s sole property or the sole property of its affiliate. Franchisor may, but has no obligation to, provide to Franchisee a page on or linked to Melt n Dip Website.

X. DUTIES OF FRANCHISEE

10.1 Maintenance and Renovation of the Franchised Business. Franchisee understands and acknowledges that every detail of the System is important to Franchisor, Franchisee and other franchisees so as to develop and maintain high and uniform operating standards, to increase the demand for Melt n Dip products and services and to protect the reputation and goodwill of Franchisor, the System and the Marks. Accordingly, Franchisee agrees that:

(a) Franchisee shall maintain, at all times during the Term, at Franchisee’s expense, the premises of the Franchised Business and all fixtures, furnishings, signs, systems and equipment, in conformity with Franchisor's high standards and public image and to make such additions, alterations, improvements, repairs, and replacements (but no others, without Franchisor's prior written consent) as may be required by Franchisor from time to time, including but not limited to the following, at Franchisee’s sole cost and expense:

i. To keep the Franchised Business in the highest degree of cleanliness, sanitation and repair, including but not limited to such periodic repainting, repairs or replacement of damaged or obsolete, furniture, fixtures and equipment, and replacement of obsolete signs, as Franchisor may reasonably direct;

ii. To meet and maintain the highest governmental standards and ratings applicable to the operation of the Franchised Business; and

iii. For the Franchised Business to be able to offer new products or services or to permit the Franchised Business to operate more efficiently.

(b) In addition to the maintenance described in (a) above, Franchisee must complete a full reimaging, renovation, refurbish and modernization of the Franchised Business, within the time frame required by Franchisor, including the building design, parking lot, landscaping, equipment, point of sale system, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet the then-current design criteria for Melt n Dip Businesses, including but not limited to such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary to do so (a “**Franchised Business Renovation**”). Franchisee shall only be required to conduct a Franchised Business Renovation more than once every three (3) years. Nothing herein shall be deemed to limit Franchisee's other obligations during the Term to operate the Franchised Business in accordance with Franchisor's standards and specifications for the System including but not limited to the obligations set forth in this Article X.

10.2 System Compliance. Franchisee shall operate the Franchised Business in strict conformity with such uniform methods, standards and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing to insure that the highest degree of quality, service and cleanliness is uniformly maintained, and Franchisee shall refrain from any deviation from such methods, standards and specifications, and shall refrain from otherwise operating in any manner

which reflects adversely on Franchisor's name and goodwill or on the Marks or the System. In connection therewith, Franchisee agrees as follows:

(a) To maintain in sufficient supply, and use at all times, only such ingredients, products, materials, supplies, and paper goods that conform to Franchisor's standards and specifications, and to refrain from deviating from such standards and specifications by using nonconforming items, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(b) To sell or offer for sale only such products and menu items that have been expressly approved for sale in writing by Franchisor, and that meet Franchisor's uniform standards of quality and quantity and have been prepared in accordance with Franchisor's methods and techniques for product preparation, including Franchisor's recipes, cooking techniques and processes as designated in the Manual. Franchisee shall not alter, dilute, substitute, or otherwise change the quality or composition of any ingredients and materials. Franchisee acknowledges that such recipes, cooking techniques and processes are integral to the System and failure to adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared menu items) shall be detrimental to the System and Marks;

(c) To sell or offer for sale the minimum menu items specified in the Manual or otherwise in writing;

(d) To refrain from any deviation from Franchisor's standards and specifications for preparing, serving or selling the menu items, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion. Franchisee acknowledges and agrees that it shall be prohibited from serving or selling menu items containing alcohol or pork;

(e) Upon thirty (30) days' prior written notice from Franchisor, to sell or offer for sale only such food products or beverages produced by Franchisor's designated food or beverage suppliers in accordance with Section 10.3 below, and to discontinue selling or offering for sale such items as Franchisor may, in its discretion, disapprove in writing at any time in its sole discretion;

(f) To use the premises of the Franchised Business solely for the purpose of conducting the Franchised Business, and to conduct no other business or activity from the premises, whether for profit or otherwise, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(g) To keep the Franchised Business open and in normal operation during such business hours as Franchisor may prescribe from time to time in the Manual or otherwise in writing;

(h) To permit Franchisor or its agents, at any time during ordinary business hours, to remove from the Franchised Business samples of any ingredients, products, materials, supplies and paper goods used in the operation of the Franchised Business, without payment, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications;

(i) To purchase, install and construct, at Franchisee's expense, all improvements, furniture, fixtures, equipment and signage specified in the approved standard plans and specifications, and such other furnishings, fixtures, equipment and signage as Franchisor may direct from time to time in the Manual or otherwise in writing, and to refrain from installing or permitting to be installed on or about the premises of the Franchised Business, without Franchisor's written consent, any improvements,

furniture, fixtures, equipment or signage not first approved in writing by Franchisor in its sole discretion;

(j) To comply with and obey all applicable civil and criminal laws, ordinances, rules, regulations, rulings and orders of public authorities of every nature which in any way regulate or affect the operation of the Franchised Business including but not limited to obtaining all required food handling and other permits, certificates, business licenses, health department approvals and similar items;

(k) To pay promptly all taxes and business expenses; and

(l) To comply with all laws, ordinances, rules and regulations, rulings and orders of public authorities covering occupational hazards, accommodations for the disabled and equal access laws including but not limited to the Americans with Disabilities Act, workers' compensation insurance, and unemployment insurance.

10.3 Purchase of Products and Services; Designated and Approved Suppliers. The reputation and goodwill of Melt n Dip Businesses is based on, and can be maintained only by, the provision and sale of high-quality services and products and the provision, presentation and packaging of those services and products in an efficient and appealing manner. Franchisor has developed standards and specifications for various services, products, furniture, fixtures, signs, equipment and supplies incorporated in or used in connection with the services and products authorized for sale at Melt n Dip Businesses. Franchisor has also developed standards and specifications for suppliers of certain of the above products and services, including standards and requirements relating to product quality, prices, consistency, safety, reliability, financial capability, and customer relations. Franchisor will provide Franchisee with a list of designated and approved suppliers. Franchisee must purchase all fixtures, furniture, signs, equipment, and other equipment, materials, products and supplies, and certain services, including but not limited to design and architectural services, from distributors and suppliers that Franchisor has designated or approved (which may include Franchisor or its affiliates) and/or that conform to Franchisor's specifications and standards.

If Franchisor or an affiliate is a designated or an approved supplier, Franchisor has the right to make a profit on the sale of products or services to its franchisees. Franchisor reserves the right to receive rebates from any suppliers Franchisor has designated or approved. If Franchisor receives rebates, Franchisor shall deposit such amounts in a separate account to subsidize the cost of franchisee conventions, meetings, or incentive programs.

Franchisor may approve a single distributor or supplier for any product or service and may approve a supplier only as to certain products or services. Franchisor may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Melt n Dip Businesses franchised or operated by Franchisor or an affiliate. Franchisor may, if it chooses, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and resell these products at a profit to franchisees. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending Franchisor's continued evaluation of the supplier from time to time.

Franchisor may from time to time modify the list of designated suppliers, list of approved suppliers and list of approved products, furniture, fixtures, signs, play equipment, and other equipment, materials and supplies, and Franchisee may not, after receiving written notice of modification of the lists, reorder any such items that are no longer approved or reorder from a supplier that is no longer approved. If Franchisee would like to purchase any of the foregoing items of any brand, type or supplier which is not then approved, Franchisee must submit to Franchisor a written request for approval of the proposed product or supplier and such other information as Franchisor requires. Franchisor has the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered, at Franchisor's option,

either directly to Franchisor or to any independent, certified entity which Franchisor designates for testing. Franchisor reserves the right to periodically re-inspect the facilities and products of any approved supplier and to revoke Franchisor's approval if the supplier does not continue to meet any of Franchisor's criteria. Franchisor will, within thirty (30) days of receipt of all required information and samples, notify Franchisee of whether or not the proposed product and/or supplier is approved.

Franchisee must use only signs, promotional supplies, branded merchandise, cups, boxes, bags, napkins, wrappers and other packaging, and any other items imprinted with the Marks ("Trademarked Products") as Franchisor prescribes from time to time. Franchisee must purchase the imprinted items only from designated suppliers licensed by Franchisor to duplicate the Marks on such items.

Franchisee will at all times maintain an inventory of approved products, materials and supplies in sufficient quantity and variety to realize the full potential of Melt n Dip Business.

10.4 Proprietary Products. In order to protect Franchisor's trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary products ("Proprietary Products"), Franchisor or an affiliate shall (i) manufacture, supply, and sell Proprietary Products to its franchisees, and/or (ii) disclose the formulae for and methods and preparation of the Proprietary Products to a limited number of suppliers who shall be authorized by Franchisor to manufacture Proprietary Products to Franchisor's precise specifications and sell Proprietary Products to its franchisees. Franchisee acknowledges that Franchisee may be required to purchase and use Proprietary Products from Franchisor or a limited number of suppliers so authorized by Franchisor in the operation of Melt n Dip and that Franchisee shall be required to maintain a sufficient inventory of the Proprietary Products as specified by Franchisor for Melt n Dip Businesses. Franchisor and/or its affiliates may profit from the sale of Proprietary Products to franchisees.

10.5 Advertising Standards; Approval Procedures. All local advertising by Franchisee shall be in such media and of such type and format as Franchisor may approve in its sole discretion, shall be conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may specify from time to time. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in this Section. All advertising and promotional plans proposed to be used by Franchisee, except such plans and materials that have been previously approved by Franchisor, shall be submitted to Franchisor for Franchisor's written approval (except with respect to prices to be charged) prior to any use thereof. Franchisor shall endeavor to complete its review of Franchisee's proposed advertising and promotional plans within fifteen (15) days after Franchisor receives such plans. If written approval is not received by Franchisee from Franchisor within fifteen (15) days after receipt by Franchisor of such plans, Franchisor shall be deemed to have disapproved such plans. Franchisee agrees to cooperate with Franchisor in displaying Franchisor's franchising information within the premises of the Franchised Business or on local advertising used by Franchisee and Franchisee will not be entitled to any compensation for displaying any such information at Franchisor's request.

10.6 Delegation of Operating or Managing Duties. If at any time Franchisee proposes for the Franchised Business to be operated or managed by an Entity or individual other than Franchisee, Franchisor reserves the right to review and approve the operating or managing entity or individual and to require and approve an operating or management agreement prior to such party's assumption of operations. Franchisor may, in its sole discretion, reject the operating entity, the individual operator or the operating or management agreement. If approved by Franchisor, the operating entity and/or individual shall agree in writing to attend all training required by Franchisor and to comply with all of Franchisee's obligations under this Agreement as though such party were the franchisee designated therein, on such form as may be designated by Franchisor. The operation of the Franchised Business

by any party other than Franchisee, without Franchisor's prior written consent, shall be deemed a material default of this Agreement for which Franchisor may terminate this Agreement pursuant to the provisions of Section 16.

10.7 Staffing. Franchisee agrees to staff the Franchised Business with the number of managers, assistant managers and employees sufficient to operate the Franchised Business in compliance with this Agreement and the standards and specifications in the Manual and to provide proper customer service during all hours of operation. Franchisee shall hire all employees of the Franchised Business, be exclusively responsible for complying with all employment laws and for all employment decisions and functions related to the operation of the Franchised Business, including hiring, firing, compensation, benefits, work hours, work rules, recordkeeping, supervision and discipline of employees. Franchisee shall implement a training program for said employees in compliance with Franchisor's requirements. Franchisee and Franchisor acknowledge that the employees of the Franchised Business are employees of Franchisee and not employees of Franchisor, that they should not be held out to third parties to be employees of Franchisor, and that Franchisee has the sole right to control employment and personnel policies and the day-to-day operations of the Franchised Business. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

10.8 Catering and Delivery Services. Franchisee shall offer and sell the following services in accordance with Franchisor's current standards, specifications and procedures as set forth in the Manual or otherwise in writing.

(a) Franchisee shall offer catering services to customers from the Franchised Business. In providing catering services, Franchisee shall (i) comply with all applicable health, sanitation, food handling, and food transportation requirements in connection with offering catering services, and (ii) shall purchase and maintain such vehicles, equipment and supplies necessary to offer catering services in compliance with Franchisor's standards, specifications and procedures. Franchisee shall restrict such activities to the geographic area that Franchisor designates, which geographic area may differ from the Territory and may be adjusted by Franchisor from time to time in its discretion. Franchisor shall have the right to revoke Franchisee's right to offer and sell catering services if Franchisor determines in its sole discretion that Franchisee is not maintaining Franchisor's standards, specifications and procedures for catering or not complying with all applicable health, sanitation, food handling, and food transportation requirements, or if Franchisor determines in its sole discretion that offering such additional services is having an adverse impact on the quality of the operation of the Franchised Business.

(b) Franchisee shall offer delivery to customers through Third Party Delivery Services unless such services are not available in Franchisee's market. A "Third Party Delivery Service" as used herein shall mean a company or business through which customers purchase menu items from the Franchised Business, that delivers said menu items to the customer at a location other than the Franchised Business, and which typically charges the Franchisee a fee for this service which may be automatically deducted from the funds that are collected from the customer prior to disbursement of the funds by the Third Party Delivery Service to the Franchisee. Current examples of Third Party Delivery Services include, but are not limited to GrubHub, DoorDash, UberEats, ezCater. Franchisee shall, within seven (7) days of selling any menu items for the first time through a Third Party Delivery Service company, inform Franchisor in writing of the name of said company, and furnish Franchisor with access information to the websites of any Third Party Delivery Service being used in order to enable Franchisor to verify Franchisee's Gross Sales from all sources. This obligation shall apply to each Third Party Delivery Service company that submits an order to Franchisee's Store for the first time. Franchisor reserves the right to approve or disapprove any particular Third Party

Delivery Service based on whether the service provided by the Third Party Delivery Service meets Franchisor's specifications and standards. Franchisee may be required to obtain and use software and/or applications required by Franchisor for the use of Third Party Delivery Services.

10.9 Computer/Point-of-Sale System Requirements. (a) Franchisee shall be required to purchase and use a point-of sale system, computer system and/or web-based platforms, including a customer order processing and inventory control system and/or cash register and credit/debit card system as specified by Franchisor in the Manual or otherwise in writing, and pay all associated fees. Franchisee is responsible for becoming proficient in the use of any required point-of-sale, computer systems and/or web-based platforms and software. Franchisee hereby grants to Franchisor, without any further consent required, full access to, for any purpose or use related to the operation, management and/or monitoring of the System, any information or reports generated or stored by the required point-of-sale system, computer systems and/or web-based platform. Franchisor shall have the right to require Franchisee to replace any of the components of Franchisee's point-of-sale and/or computer systems if Franchisee deems the component to be (a) undersized or otherwise insufficient of the efficient operation and management of the Franchised Business, or (b) incompatible with Franchisor's computer system or the computer system that Franchisor designates for the franchise network use. Throughout the term of this Agreement, Franchisee shall be responsible for maintaining and upgrading as necessary all point-of-sale and/or computer hardware and software required to be used in the operation of the Franchised Business and shall be solely responsible for any and all consequences of not doing so.

(b) If Franchisor develops and custom designs a software program and hardware system for conducting accounting, inventory, point-of-sale or marketing functions and/or other activities related to the Franchised Business (hereinafter "Software Program"), Franchisee agrees to implement the Software Program into the Franchised Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Software Program as provided from time to time in the Manual. At such time as Franchisor requires the implementation of such Software Program, Franchisee shall only utilize the Software Program as prescribed by Franchisor. At such time as Franchisor requires the implementation of such Software Program, Franchisee shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware compatible with the Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms designated by Franchisor or its suppliers.

(c) Throughout the term of this Agreement, Franchisor reserves the right to require Franchisee to maintain an active e-mail account and use the e-mail address provided by Franchisor for promoting and operating the Franchised Business and for communicating with Franchisor. Franchisee must have and maintain high-speed access to the Internet for promoting and operating the Franchised Business and for communicating with and receiving information from Franchisor in the manner Franchisor designates, including but not limited to system-wide area computer networks, intranet system or extranet system. Franchisee shall use any system-wide computer network or intranet or extranet system in compliance with the Manual.

(d) Franchisee shall be solely responsible for protecting Franchisee's point-of-sale and computer systems from viruses, computer hackers and other computer-related and technology-related problems, and Franchisee releases Franchisor from all claims it may have as result of viruses, hackers or other computer-related or technology-related problems.

(e) Franchisee shall make arrangements for and accept payments systems which Franchisee designates from time to time, as part of the operation of the Franchised Business, including but not limited to credit card payments through Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, electronic funds transfer systems, mobile payment systems, and system-wide gift card programs. Franchisee's point-of-sale system and related payment processing systems

must be compliant with current Payment Card Industry Data Security standards, all applicable data privacy laws, and any procedures required by the Manual to prevent credit card fraud. Franchisee shall defend at its own cost and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), taxes, damages and liabilities, however caused, resulting directly or indirectly from Franchisee's failure to comply with Payment Credit Industry Data Security Standards or data privacy laws.

10.10 Gift Cards/Loyalty Programs. Franchisee agrees:

- (a) to offer for sale gift cards and/or the loyalty program, which must be in the form and version designated by Franchisor ("Official Gift Card/Loyalty Program"), as it may be amended from time to time;
- (b) not to offer for sale or give away any form of Gift Card or Loyalty Program other than the Official Gift Card/Loyalty Program;
- (c) not to create Franchisee's own Gift Card or Loyalty Program;
- (d) to accept and honor the Official Gift Card/Loyalty Program in exchange for product when presented for redemption at Franchisee's Store;
- (e) to obtain and maintain whatever is the currently designated equipment and/or software necessary to process the authorized Gift Cards/Loyalty Program, which may be through a Mobile Application; and
- (f) to comply with any policy promulgated by Franchisor regarding changes to the form and use of Gift Card/Loyalty Program, including transition periods for the phasing in of modifications to the Official Gift Card/Loyalty Program.

10.11 Appearance and Customer Service. Franchisee, its managers, employees and agents shall (i) maintain a clean and attractive appearance, including wearing uniforms required by Franchisor for brand recognition, (ii) give prompt, courteous, and efficient service to the public and (iii) otherwise operate the Franchised Business in strict compliance with the policies, practices, and procedures set forth in this Agreement and contained in the Manual, in order to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee may not alter, change, or modify the System, the Franchised Business, the products, supplies or equipment in any way without the prior written consent and approval of Franchisor, which Franchisor may withhold in its sole discretion. Franchisor reserves the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions.

10.12 Food Borne Illness and other Public Health or Safety Issues. Franchisor has the right to require Franchisee to close its Franchised Business if Franchisor determines that Franchisee's Franchised Business has deficiencies relating to food safety and cleanliness or other public health and safety issues. Franchisee may not reopen the Franchised Business until Franchisor has re-inspected the Franchised Business and determined that it meets Franchisor's standards. In the event of an outbreak of a food borne illness, or any other public health or safety issue that potentially could negatively impact Franchisor's Marks and brand, Franchisee must immediately notify Franchisor of such event, but no later than the next day following the occurrence. Further, Franchisee is strictly prohibited from speaking or communicating with the media in the event of an outbreak of a food borne illness or any other public health or safety issue, whether at Franchisee's Franchised Business or at any other Melt n Dip Business. Franchisor has the right to be the sole spokesperson on these issues.

10.13 Technology Use and Restrictions. (a) the terms website, Social Media, Mobile Application and Digital Marketing are defined as follows for purposes of this Agreement:

- (i) Website. As used in this Agreement, a "website" is a collection of related web pages, including multimedia content, which is accessible via the Internet, that Franchisor operates or authorizes others to operate and that refers to Melt n Dip Businesses, the Marks, Franchisor and/or the System.
- (ii) Social Media. As used in this Agreement, the phrase "Social Media" means interactive computer-mediated technologies that facilitate the creation and sharing of information, ideas, interests and other forms of expression via virtual communities and networks, such as Facebook, You Tube, LinkedIn, Twitter, Instagram, Pinterest, blogs, or other similar communication methods.
- (iii) Mobile Application. As used in this Agreement, a "Mobile Application" or Mobile App is a software application designed for use on mobile devices, such as smartphones and tablets, rather than desktop or laptop computers.
- (iv) Digital Marketing. As used in this Agreement, "Digital Marketing" means the integrated marketing services used to attract, engage and convert customers online. Digital Marketing utilizes multiple channels such as content marketing, influencer marketing, SEO, social media and online advertising to help brands connect with customers.

(b) In connection with any Website, Social Media and/or Digital Marketing, Franchisee agrees as follows:

- (i) Franchisee is strictly prohibited from establishing or maintaining any Websites, Social Media accounts or domain names which incorporate any of the Marks, name or initials into its web address. Franchisee is prohibited from establishing websites or domain names linking to Franchisor's websites without the prior written authorization of Franchisor.
- (ii) Franchisor will have the sole right to create, establish, own, and control Melt n Dip Website and any page for Franchisee's Franchised Business linked to Melt n Dip Website.
- (iii) Franchisor will have the sole right to create, establish, own, and monitor all Social Media postings for Franchisee's Franchised Business. Franchisee may participate in the content and maintenance of Social Media for Franchisee's Franchised Business, only in accordance with Franchisor's guidelines, specifications, standards, policies and procedures on Social Media that Franchisor may issue from time to time in the Manual or otherwise, and subject to Franchisor's right to alter or delete postings made by Franchisee.
- (iv) Franchisor will have the sole right to control all aspects of Digital Marketing, including those related to Franchisee's Franchised Business. Unless Franchisor consents otherwise in writing, Franchisee may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or is related to Franchisee's Franchised Business. If Franchisor does give Franchisee written consent to conduct any Digital Marketing, Franchisee

must do so in compliance with Franchisor's guidelines, specifications, standards, policies or procedures on Digital Marketing that Franchisor may issue from time to time in the Manual or otherwise in writing.

(c) Franchisor will have the sole right to develop Mobile Applications using the Marks and relating to the operation of the Franchised Business. Franchisor may require that Franchisee participate and use any Mobile Applications designated by Franchisor and must do so in compliance with Franchisor's guidelines, specifications, standards, policies or procedures on Mobile Applications that Franchisor may issue from time to time in the Manual or otherwise in writing.

XI. MARKETING

11.1 Acknowledgment. The parties acknowledge the value of advertising and promotion, and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the System.

11.2 Local Marketing. Franchisee may, but is not required to, spend monies in addition to the local marketing fee paid to franchisor on local marketing and promotion. At Franchisor's request, Franchisee must furnish to Franchisor in a manner approved by Franchisor an accurate accounting of Franchisee's local advertising and marketing expenditures for each month. Prior to Franchisee's use of any local advertising and promotional materials and programs not prepared by Franchisor or previously approved by Franchisor, and prior to Franchisee's use of any digital or electronic marketing, advertising or promotion and the content for such digital or electronic marketing, advertising or promotion, whether prepared by Franchisee, AI generated or prepared by another other source other than Franchisor, Franchisee shall submit the materials, program and/or content to Franchisor for approval, which we will not unreasonably withhold. If Franchisee does not receive written approval within fifteen (15) days from the date of Franchisor's receipt of such materials or programs, Franchisor will be deemed to have been disapproved. Franchisee may not use any advertising or promotional materials, programs, or content that Franchisor has disapproved. All advertising and promotional materials used by Franchisee shall be completely factual, in good taste (in our sole opinion) and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any advertising practice which may be harmful to the business of Franchisor and the goodwill associated with the Marks and other Melt n Dip Franchises. Franchisor may disapprove of any local advertising and promotional materials and programs or any digital or electronic marketing or promotion previously approved. If Franchisor disapproves of any such materials, programs, media or content, Franchisee shall immediately cease use of such materials, programs, media or content.

11.3 Grand Opening Advertising and Marketing. Within six (6) months following the opening of the Franchised Business, Franchisee must conduct an advertising and marketing campaign to promote the grand opening of the Franchised Business. The grand opening advertising and marketing shall be conducted in accordance with the Manual and/or other written guidelines Franchisor may issue on initial advertising and promotion.

11.4 Co-operative Advertising. Franchisee shall join and participate in any local advertising co-operative which has been or may be formed consisting of franchisees and/or Franchisor-owned or Affiliate-owned Melt n Dip Businesses in Franchisee's area or region. Franchisee agrees to contribute to the cooperative in the amount and manner agreed upon by a majority of the members of the cooperative. Contributions made by you to the cooperative will be credited to your local advertising expenditure requirements in Section 11.2 above. Each of Melt n Dip Businesses in the cooperative, whether franchised or company-owned or affiliate-owned, shall have one vote in the cooperative. Franchisor assumes no direct or indirect liability or obligation to Franchisee or to any local co-operative with respect to the maintenance, direction, or administration of the cooperative, including without limitation, any failure by any franchisees to make any contributions to the cooperative.

XII. INSURANCE

12.1 Insurance. Franchisee must at all times during the term of this Agreement maintain in force, at its sole expense, comprehensive public liability insurance, product liability insurance and motor vehicle liability (including owned and non-owned auto liability) insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Melt n Dip Business or your conducting business pursuant to this Agreement. Such policies must be issued by an insurance carrier with a minimum rating of “A-“ by AM Best or comparable rating. Such insurance coverage must be maintained under policies of insurance containing minimum liability protection in such amounts and for such risks as we may specify from time to time in the Manual or otherwise in writing. Current minimum insurance requirements are as follows:

Coverage Types	Required Limits of Coverage
Commercial General Liability	\$2 million aggregate \$1 million per occurrence Must include contractual liability coverage
Personal Injury	\$10,000 per person medical benefits
Personal and Advertising Injury	\$1 million aggregate \$1 million per occurrence
Products/Completed Operations	\$1 million per occurrence \$2 million aggregate
Damage to Leased Premises	\$1 million limit
Property Insurance	\$1 million No deductible
Owned or Non-Owned Auto Liability	\$1 million aggregate \$1 million per occurrence
Business Interruption	45 days
Employer’s Liability and Worker’s Compensation	As required by state law
Other Insurances	As required by local, state or federal laws; or by the landlord

All insurance policies must name us an additional insured, and must provide that we will receive thirty (30) days prior written notice of termination, expiration or cancellation of any such policy. All insurance policies required by this section must provide cross liability coverage. You waive all rights of subrogation against us for damages to the extent paid by insurance, except such rights as you may have to insurance proceeds. We may reasonably increase the minimum liability protection requirement annually and we have the right to require at any time on reasonable prior notice to you different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product, or motor vehicle liability litigation or other relevant changes in circumstances. You must submit to us prior to opening your Melt n Dip Business and annually thereafter a copy of the certificate of or other evidence of such insurance policy and all renewals or extensions, and a waiver of subrogation endorsement form. Your obligations to obtain and maintain the insurance described above is not limited in any way by reason of any insurance maintained by us, nor will your performance of such obligations relieve you of any obligations under Article XIX of this Agreement.

XIII. CONFIDENTIAL INFORMATION

13.1 Definition. For purposes of this Agreement, the term “Confidential Information” means information relating to Franchisor or the System that is not generally available to the public, including the Manual, operational standards, specifications, procedures and methods, recipes and food and preparation methods, prepared mixes, products, supplies, equipment, marketing, advertising and promotional material and methods, and accounting systems, and all other information and know-how

relating to the methods of developing, operating and marketing the Franchised Business and the System. Further, Confidential Information shall include all customer information, lists, data and records of the Franchised Business. Confidential Information does not include information Franchisee can demonstrate came to Franchisee's attention through legal methods other than by disclosure by Franchisor, or which, at the time of disclosure thereof by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others.

13.2 Maintenance of Confidential Information. During the Term, and after the expiration or termination of this Agreement, Franchisee must use its best efforts to protect the Confidential Information. Accordingly, Franchisee must not communicate, divulge, or use for the benefit of any other person, persons or entity, any part of the Confidential Information. Franchisee may divulge such Confidential Information only to such employees of Franchisee who must have access to it in order to carry out Franchisee's obligations under this Agreement and as may be required by law, provided Franchisee shall give Franchisor prior written notice of any such required disclosure by law immediately upon receipt of notice by Franchisee in order for Franchisor to have the opportunity to seek a protective order or take such other actions as it deems appropriate under the circumstances. Franchisor reserves the right to require Franchisee, or any of its owners, officers, partners, principals, managers, and employees having access to the Confidential Information to execute a confidentiality agreement or similar instrument(s) containing restrictions as those provided in this Section and, as applicable, throughout this Agreement. Such requirement shall not create an employee or joint employee relationship between Franchisor and Franchisee's employees, nor does it constitute control by Franchisor over Franchisee's employment matters.

XIV. COVENANTS

14.1 Franchisee's Best Efforts. Franchisee covenants that, during the Term, except as otherwise approved in writing by Franchisor, Franchisee or, alternatively, one designated management employee or approved agent if that employee or agent assumes primary responsibility for the operation of the Franchised Business, shall devote full time energy and best efforts to the development and promotion of the Franchised Business and to the management and operation of the Franchised Business.

14.2 Non-Competition and Non-Solicitation During Term. Franchisee acknowledges that Franchisee will receive valuable, specialized training and the Confidential Information. Franchisee covenants that, during the Term, Franchisee and any of its shareholders, officers, directors, members, managers, partners and guarantors, shall not, either directly or indirectly, for itself or themselves or on behalf of, or in conjunction with, any other person or entity:

(a) Divert or attempt to divert any business or customer of the Franchised Business to a Competitive Business (defined in Section 14.5) by direct or indirect inducements or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(b) Have any ownership in, maintain, operate, engage in, serve as a director, officer, manager, employee, consultant or representative of, grant a franchise to, advise, help, make loans to, lease property to, or have any interest in, directly or indirectly, a Competitive Business. However, this covenant shall not apply to any business operated by Franchisee under a franchise agreement with Franchisor or any of its Affiliates.

14.3 Post-Termination Covenants. Franchisee covenants that Franchisee and any of its shareholders, officers, directors, members, managers, partners and guarantors, either directly or indirectly, for itself or themselves or on behalf of, or in conjunction with, any other person or entity, regardless of the cause for termination shall not:

(a) For a period of two (2) years following the expiration or termination of this Agreement, have any ownership in, maintain, operate, engage in, serve as a director, officer, manager, employee, consultant or representative of, grant a franchise to, advise, help, make loans to, lease property to, or have any interest in, directly or indirectly, a Competitive Business that is located within a radius of 25 miles of (i) the location specified in the Approved Site Location Addendum as described in Article I or (ii) the location of any other Melt n Dip Business, whether owned by Franchisor or any other Melt n Dip franchisee, in existence as of the date of expiration or termination of this Agreement. This restriction will not apply to the ownership of less than 2% of the outstanding shares of a publicly-traded security. Franchisee and its officers, directors, shareholders, managers, members, partners and guarantors expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting those skills. As a result, adherence to this restriction will not deprive them of their personal goodwill or ability to earn a living.

14.4 Nondisclosure and Noncompetition Agreement. Franchisee must have its shareholders, officers, directors, members, managers, partners, guarantors, supervisory and principal employees, including managers and assistant managers (as a condition to their employment), anyone Franchisee may choose to send to training, and anyone who has access to the Manual or any of Franchisor's proprietary information or Confidential Information, execute Franchisor's standard Nondisclosure and Noncompetition Agreement (which is an exhibit to the Franchise Disclosure Document and as may be updated in the Manual) before performing any work at the Franchised Business or otherwise having access to the Franchisor's proprietary information. A copy of all the signed agreements shall be delivered to Franchisor within one (1) week of their execution. The failure of Franchisee to obtain execution of such Nondisclosure and Noncompetition Agreements as required by this Section shall constitute a material breach of this Agreement. Notwithstanding the foregoing, this requirement shall be subject to state law.

14.5 Competitive Business. For purposes of this Article XIII, a "**Competitive Business**" is defined as any retail establishment that derives more than ten percent (10%) of its gross sales from desserts.

14.6 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XIV, is held unenforceable by a court or other tribunal having jurisdiction on a final decision, then Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Article XIV.

14.7 Right to Reduce Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article XIV, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article XIV.

14.8 Injunctive Relief. The parties acknowledge that it will be difficult to ascertain with any degree of certainty the amount of damages resulting from a breach by Franchisee of any of the covenants

contained in this Article XIV. It is further agreed and acknowledged that any violation by Franchisee of any of said covenants will cause irreparable harm to Franchisor. Accordingly, Franchisee agrees that upon proof of the existence of a violation of any said covenants, Franchisor will be entitled to injunctive relief against Franchisee in any court of competent jurisdiction having authority to grant such relief, together with all costs and reasonable attorneys' fees incurred by Franchisor in bringing such action.

14.9 Interpretation. ALL PARTIES TO THIS AGREEMENT ACKNOWLEDGE THAT THIS SECTION HAS BEEN FULLY NEGOTIATED AND HAS BEEN ENTERED INTO FREELY. If any provision of this Article XIV shall be held to be invalid by any tribunal, the terms of said invalid provision shall be modified to the least possible extent to make the provision valid. This Article XIV shall not be interpreted against either party as drafter.

XV. TRANSFERABILITY OF INTEREST

15.1 Transfer by Franchisor. This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to transfer or assign its interest in this Agreement to any person, persons or Entity. If Franchisor's assignee assumes all the obligations of Franchisor hereunder and sends Franchisee written notice of the assignment so attesting, we will have no further obligation under this Agreement, and Franchisee agrees promptly to execute a general release of Franchisor and its Affiliates, from claims or liabilities of Franchisor under this Agreement.

15.2 Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this Agreement in reliance on Franchisee's business skills and financial capacity. Accordingly, neither (i) Franchisee, nor (ii) any immediate or remote successor to Franchisee, nor (iii) any individual or any Entity which directly or indirectly owns any interest in Franchisee or in this Agreement, shall sell, assign, transfer, convey, donate, pledge, mortgage, or otherwise encumber any direct or indirect interest in (i) this Agreement, (ii) Franchisee, or (iii) a substantial portion of the assets of the Franchised Business without the prior written consent of Franchisor. Acceptance by Franchisor of any royalty fee, local marketing fee or any other amount accruing hereunder from any third party, including but not limited to any proposed transferee, shall not constitute Franchisor's approval of such party as a transferee or the transfer of this Agreement to such party. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void, and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 16.2(f) of this Agreement.

15.3 Conditions of Consent. Franchisor shall not unreasonably withhold its written approval of a transfer, provided Franchisee and the assignee or transferee have met all of the following conditions as determined by Franchisor in its sole discretion:

(a) Franchisee shall not be in default under this Agreement or any agreement with Franchisor and its Affiliates at the time Franchisee requests the right to transfer the franchise or at the time the Franchised Business is to actually be transferred. All accounts payable and other monetary obligations to Franchisor and its Affiliates shall be paid in full;

(b) Franchisee shall have agreed to remain obligated under the covenants contained in Article XV hereof as if this Agreement had been terminated on the date of the transfer;

(c) The transferee must be of good moral character and reputation, in the reasonable

judgment of Franchisor;

(d) Franchisor shall have determined, to its satisfaction, that the transferee's qualifications meet Franchisor's then-current criteria for new franchisees;

(e) The transferee shall execute, at Franchisor's option, (i) a written assignment, in form satisfactory to Franchisor, pursuant to which the transferee shall assume all of the obligations of Franchisee under this Agreement and any other agreement relating to the Franchised Business to be transferred; or (ii) the then-current form of Melt n Dip Franchise Agreement and such other then-current ancillary agreements as Franchisor may reasonably require. The then-current form of Franchise Agreement may contain new or significantly different terms, including but not limited to a higher royalty fee and local marketing fee and less territorial protection than contained in this Agreement.

(f) Franchisee shall execute a general release in favor of Franchisor and its Affiliates of any claims it may have against Franchisor and its Affiliates, or their shareholders, officers, directors, members, managers, employees and agents, predecessors, successors and assigns relating to the Franchised Business, unconditionally releasing them from any and all claims Franchisee might have against Franchisor and its Affiliates, or their shareholders, officers, directors, members, managers, employees and agents, predecessors, successor and assigns, as of the date of the assignment;

(g) The transferee shall agree at its sole cost and expense, to complete a Franchised Business Renovation, within the time frame required by Franchisor, unless a Franchised Business Renovation was completed less than three (3) years prior to the date of the transfer, and perform such other scope of work as may be determined by Franchisor;

(h) The transferee and such other individuals as may be designated by Franchisor in the Manual or otherwise in writing, must have successfully completed the training courses then in effect for new franchisees which shall be covered by the Transfer fee paid;

(i) Transferee obtains an assignment of Franchisee's existing lease with the lessor's written consent or executes a new lease with the lessor for the premises of the Franchised Business and the remaining term of the assigned lease or the term of the new lease plus any renewals equals the franchise term hereunder; and

(j) Except as provided in Section 15.4 below, Franchisee shall pay to Franchisor a transfer fee equal to Seven Thousand Five Hundred Dollars (\$7,500), to cover Franchisor's administrative expenses in connection with the transfer; except that the transfer fee charged by Franchisor for a transfer described in Section 15.4 below shall be Five Hundred Dollars (\$500).

15.4 Transfer to a New Entity or Existing Franchisee. If a proposed transfer is (i) individual owners assigning this Agreement to a newly established Entity pursuant to Section 6.1 of this Agreement; or (ii) among existing shareholders, partners or members of Franchisee, such transfer shall be subject to the conditions set forth in Section 15.3, except that Franchisor reserves the right to waive any such conditions or requirements in its sole discretion and to require the Principals of the transferee to execute a Guaranty and Assumption of Franchisee's Obligations as required by Section 6.1.

15.5 Grant of Security Interest. Franchisee shall grant no security interest in any of its assets without the prior written consent of Franchisor and unless the secured party agrees that, in the event of any default by Franchisee under any documents related to the security interest (i) Franchisor shall be provided with notice of default and given a reasonable time within which to cure said default, (ii)

Franchisor shall have the right and option, but not the obligation, to be substituted as obligor to the secured party and to cure any default of Franchisee or to purchase the rights of the secured party upon payment of all sums then due to such secured party, except such amounts which may have become due as a result of any acceleration of the payment dates based upon Franchisee's default and (iii) the secured party shall agree to such other requirements as Franchisor, in its sole discretion, deems reasonable and necessary to protect the integrity of the Marks and the System. In the event Franchisor purchases the rights of the secured party in any assets, upon payment of all sums then due to such secured party, Franchisor shall receive title to such assets. Under no circumstances that Franchisee grant a security interest in this Agreement or the franchise granted hereunder.

15.6 Transfer on Death or Mental Incapacity. Upon the death or mental or physical incapacity of any person with an interest in this Agreement as determined by a physician, the Franchised Business or Franchisee, the executor, administrator, or personal representative of such person shall transfer his interest to a third party approved by Franchisor within twelve (12) months after such death or mental incapacity. Such transfer, including but not limited to transfer by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Article XV, the personal representative of the deceased Franchisee shall have a reasonable time, but in no event more than twelve (12) months from Franchisee's death, to sell or transfer the deceased's interest in this Agreement and the Franchised Business, which sale or assignment shall be subject to all the terms and conditions for assignments and transfers contained in this Agreement. If the interest is not sold or assigned within the twelve (12) month period, Franchisor may terminate this Agreement.

Upon request by Franchisee's executor, administrator, or personal representatives, Franchisor, in its sole discretion, may agree to enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisee's executor, administrator or personal representative transfers Franchisee's interest in the Franchised Business as provided herein. Franchisee acknowledges and agrees that Franchisor's agent or other representative designated by Franchisor may take over, control and operate the Franchised Business, that Franchisee shall pay Franchisor the then-current published fee, not to exceed Five Hundred Dollars (\$500.00) per representative per day for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as Franchisor is operating the Franchised Business. Franchisee further acknowledges that if Franchisee temporarily operates the Franchised Business on Franchisee's behalf under this Paragraph 15.6, Franchisee will indemnify and hold harmless Franchisor and Franchisor's agent or representative respecting any and all claims arising out of Franchisor's operation of the Franchised Business under this Paragraph 15.6. Nothing herein shall require Franchisor to operate the Franchises Business upon the request of Franchisee's executor, administrator or personal representative.

15.7 Involuntary Transfers. Involuntary transfers of this Agreement by Franchisee are not binding on Franchisor and constitute grounds for the termination of this Agreement without the opportunity to cure. Franchisee agrees that using this Agreement as security for a loan or otherwise encumbering this Agreement is prohibited, unless Franchisor specifically consents to such action in writing prior to the proposed transaction. Franchisee shall not grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by Franchisee under it. Any attempt to transfer this Agreement in whole or part, or any material portion or property used by Franchisee in connection with this Agreement, whether or not binding on Franchisor, shall be grounds for the termination of this Agreement without the opportunity to cure, unless the transfer is authorized in writing by Franchisor.

15.8 Transfer by Court Order. If a court of competent jurisdiction orders an individual

Franchisee to transfer to his or her spouse all or any part of Franchisee's interest in this Agreement or the Franchised Business, or any of the assets of the Franchised Business, such an order shall constitute a transfer under the terms of this Agreement and shall cause the transferee to be subject to all of the terms and conditions concerning transfers set forth in this Agreement.

15.9 Right of First Refusal.

(a) Franchisee grants to Franchisor the right, but not the obligation, to acquire the Franchised Business on the same terms and conditions specified in a bona fide written offer from a qualified third party. However, Franchisor may substitute the cash equivalent for any portion of the purchase price to be paid by non-cash consideration. Franchisor may purchase the interest for itself or assign its right without recourse to a nominee who will purchase the interest directly from Franchisee. Franchisee shall notify Franchisor in writing of the terms and conditions of each proposed transfer, including the interest proposed to be transferred, the purchase price or other consideration to be paid, any financing terms being extended by Franchisee, the date of the proposed transfer and all other pertinent provisions of the proposed sale. In addition, a copy of the contract, agreement, memorandum of sale, deposit receipt, or letter of intent shall also be forwarded to Franchisor as soon as it is received by Franchisee. Following its receipt of all pertinent data and documents concerning the proposed transfer, including any additional data concerning the transaction requested by Franchisor from Franchisee, Franchisor shall have thirty (30) days within which to advise Franchisee in writing of Franchisor's election to acquire the interest proposed to be transferred on the same terms and conditions agreed to by the prospective transferee. Should Franchisor elect to acquire the interest proposed to be transferred pursuant to its right of first refusal, Franchisee and Franchisor shall cooperate to consummate the transfer. The date for the completion of the transfer may be extended at Franchisor's option for up to thirty (30) days beyond the date originally indicated for the completion of the transfer in order to allow the completion of the transaction in a manner more convenient to Franchisor. The above right of first refusal provisions shall apply to any sale, pledge, assignment, trade or transfer of any ownership interests in the Entity.

(b) If Franchisor does not elect to purchase the interest proposed to be transferred, Franchisee may complete the proposed transfer on the terms and conditions set forth in its notice to Franchisor subject to Franchisor's right to approve the proposed transferee and the terms and conditions set forth under Section 15.3 above. However, if there are any changes in the terms and conditions of the proposed transfer after Franchisee notifies Franchisor of the proposed transfer, including any changes in the terms and conditions occurring after Franchisor notifies Franchisee of its election not to purchase the interest pursuant to its right of first refusal, Franchisee must notify Franchisor of the changes in writing and Franchisor shall have an additional thirty (30) days within which to elect to purchase the interest proposed to be transferred on the revised terms and conditions. If the proposed transfer is not completed for any reason after Franchisor elects not to purchase the interest being transferred, Franchisor's right of first refusal is reinstated as to any later proposed sales or transfers by Franchisee.

XVI. DEFAULT AND TERMINATION

16.1 Termination Without Notice Due To Insolvency. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; if Franchisee is adjudicated bankrupt or insolvent; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under applicable law of any jurisdiction should be instituted by Franchisee or against Franchisee and not opposed by

Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's property or business; if suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Business is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereon by any sheriff, marshal or constable.

16.2 No Cure Period. Franchisee shall be in default under this Agreement and Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted to Franchisee, without affording Franchisee any opportunity to cure the same effective upon receipt of notice from Franchisor to Franchisee, upon occurrence of any of the following events:

(a) Franchisee fails to have a proposed site approved by Franchisor in the time frames required in Section 6.2 here or fails to open the Franchised Business with Franchisor's approval as required in Section 6.5 herein. However, Franchisor may in its sole discretion extend this period for matters not within control of Franchisee or for other mutually agreed upon grounds;

(b) Except if the Franchised Business is determined to be seasonal as set forth in Exhibit A, Franchisee at any time ceases to operate the Franchised Business for forty-eight (48) hours or more or otherwise abandons the Franchised Business, or loses the right to possession of the premises of the Franchised Business, or causes its lease for the premises of the Franchised Business to be terminated, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located. If the Franchised Business is determined to be seasonal as set forth in Exhibit A, this Agreement may be terminated for Franchisee's failure to operate the Franchised Business for forty-eight (48) hours or more during the period that the Franchised Business is required to operate as designated in Exhibit A. However, if, through no fault of Franchisee, the premises are damaged or destroyed by an event not within the control of Franchisee such that repairs or reconstruction cannot be completed within six (6) months thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate the Franchised Business and/or reconstruct the premises, which approval shall not be unreasonably withheld, provided Franchisee is not then in default under this Agreement or any other agreement between Franchisee and Franchisor or any of its Affiliates, but may be conditioned upon the payment of an agreed minimum royalty to Franchisor during the period in which the Franchised Business is not in operation;

(c) Franchisee, or any of its shareholders, members, managers, partners, officers, directors or guarantors, is indicted for, convicted of or pleads guilty to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, or the goodwill associated with the System and the Marks, or Franchisor's interest in the System or the Marks;

(d) Franchisee, or any of its shareholders, members, managers, partners, officers or directors verbally or physically assaults or abuses any other franchisee or any officer, director, member, manager or employee of Franchisor or any of its Affiliates, customer or employees of Franchisee, after receiving a verbal or written warning against this conduct from Franchisor regarding this conduct;

(e) Franchisee, or any of its shareholders, members, managers, partners, officers or directors, transfers, hypothecates, pledges, sells, or assigns all or any part of this Agreement, the Franchised Business, the Franchisee Entity or any interest in the Franchisee Entity, or any material portion of the property associated with the Franchised Business or attempts to sublicense to another

party any of the rights or property licensed to Franchisee under this Agreement without first receiving written authorization from Franchisor;

(f) Franchisee, or any of its shareholders, members, managers, partners, officers, directors, guarantors or principal employees violate any provisions under the Noncompetition and Nondisclosure Agreement;

(g) Contrary to the terms of Article VII hereof, Franchisee or any of its shareholders, members, managers, partners, officers, directors or principal employees discloses or divulges the contents of the Manual or other Confidential Information, or participates in the unauthorized use of the Confidential Information;

(h) An approved transfer is not effected as required by Section 15.7, following Franchisee's death or mental incapacity;

(i) Franchisee knowingly maintains false books or records, submits any false reports to Franchisor or otherwise commits an act of fraud with respect to Franchisee's acquisition or performance of this Agreement;

(j) Franchisee or any Affiliate of Franchisee defaults under any other agreement with Franchisor or its Affiliates, or any predecessor or successor to Franchisor, including but not limited to another franchise agreement or an area development agreement, and such agreement is thereafter terminated. For purposes of this Section 16.2(k), "Affiliate of Franchisee" means a corporation, partnership or limited liability company whose equity is owned in whole or in part by (i) Franchisee, (ii) one or more of Franchisee's shareholders, partners or members, (iii) one or more parent, spouse, sibling, child or grandchild or another blood relation of a shareholder, partner or member of Franchisee, or (iv) any other entity of which Franchisee is a shareholder, partner or member.

(k) Franchisee defaults more than once in any twelve (12) month period under Sections 16.4 or 16.5, for failure to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice;

(l) Franchisee sells unapproved products or goods from or through the Franchised Business;

(m) Franchisee relocates the Franchised Business without obtaining Franchisor's advanced written permission as required by this Agreement; or

(n) Franchisee denies Franchisor, or its designee, the right to inspect the premises of the Franchised Business;

(o) Franchisee lease or sublease for the premises of the Franchised Business is terminated or expires and Franchisee is unable to retain possession of the premises of the Franchised Business and fails to relocate in accordance with Section 6.4;

(p) Franchisee fails to timely pay any lender to whom Franchisor has guaranteed Franchisee's obligations, or if Franchisor has entered into any financing arrangement with Franchisor (i) more than three (3) times if the default is cured, or (ii) one time if the default is not cured during the financing term; and

(q) Franchisee fails to timely pay any vendors, suppliers or the lessor of the premises of the Franchised Business more than three (3) times during the term of this Agreement;

(r) Franchisee has made any material misrepresentation or omission in its application for the franchise; and

(s) Franchisee has received three (3) or more notices for the same default during the term, regardless of whether the default was cured after receipt of notice.

16.3 Five-Day Cure Period. Except as provided in Sections 16.1, 16.2 and 16.3 of this Agreement, Franchisor shall have the right to terminate this Agreement if Franchisee commits any of the following breaches and fails to cure the same within five (5) days following Franchisor's written notice to Franchisee:

(a) Franchisee fails to pay any money owed to us, including but not limited to royalties, marketing fund contributions and any other financial obligations owed to Franchisor by Franchisee; or Franchisee fails to submit daily or monthly gross sales reports necessary for a determination of the amount of fees due;

(b) Franchisee fails to pay for any products, supplies or equipment, or fails to pay any fees or other amounts due to Franchisor, or any of its Affiliates or assigns of Franchisor, or Franchisee fails to pay third parties for amounts related to the operation of the Franchised Business within the applicable time period;

(c) Franchisee fails to submit to Franchisor such reports or other financial statements required to be delivered to Franchisor by Franchisee when due, or fails to submit any other report or statement to Franchisor or its Affiliates required by this Agreement or otherwise requested by Franchisor or its Affiliates, by its due date;

(d) A threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business; or Franchisee violated any law, regulation, or order or any guideline set forth in the Manual relating to health, sanitation or safety;

(e) Franchisee uses the Marks in any unauthorized manner or is otherwise in default of the provisions of Article V hereof; or

(f) Franchisee fails to maintain insurance as required by this Agreement.

16.4 Thirty-Day Cure Period. Except as provided in Section 16.1, 16.2 and 16.3 of this Agreement, Franchisor shall have the right to terminate this Agreement if Franchisee commits any of the following breaches and fails to cure the same within thirty (30) day following Franchisor's written notice to Franchisee:

(a) Franchisee fails or refuses to maintain and operate its Franchised Business in compliance with this Agreement, the System and the Manual (other than in a manner that constitutes a default of Sections 16.1, 16.2 or 16.3 for which those sections are controlling), including, but not limited to failing to complete a Franchised Business Renovation, within the time frame required by this Agreement, at Franchisee's expense; or

(b) Franchisee fails to comply with any other term or condition in this Agreement not specifically listed in Sections 16.1, 16.2, or 16.3 above.

16.5 Cross-Default and Cross-Termination Provisions.

(a) A default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates. A default by Franchisee under any other agreement between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates will be deemed a default under this Agreement. A default by the guarantors of this Agreement or any other agreement of guaranty will be deemed a default of this Agreement. For purposes of clarity, any agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates include, without limitation, any other Franchise Agreement or Area Developer Agreement.

(b) If this Agreement is terminated as a result of a default by Franchisee (or any affiliate of Franchisee), Franchisor or its Affiliates may, at their option, elect to terminate any or all other agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates is terminated as a result of a default by Franchisee (or any affiliate of Franchisee), Franchisor may, at its option, elect to terminate this Agreement or any other agreement between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates will be grounds for termination of this Agreement and/or all agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates without additional notice or opportunity to cure.

16.6 Statutory Cure Period. If a default is curable under this Agreement, and the applicable law in the state in which the Franchised Business is located requires a longer cure period than that specified in this Agreement, the longer period will apply.

16.8 Right to Operate Upon Default. In addition to Franchisor's right to terminate this Agreement and not in lieu of such right or any other rights, in the event that Franchisee has not cured a default under this Agreement within fourteen (14) days after receipt of a written notice of default, Franchisor may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default has been cured and that there is compliance with the requirements of this Agreement. Franchisee acknowledges and agrees that Franchisor's agent or other representative designated by Franchisor may take over, control and operate the Franchised Business, that Franchisee shall pay Franchisor the then-current published fee, not to exceed Five Hundred Dollars (\$500.00) per representative per day for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as it shall be required to enforce compliance with this Agreement. Franchisee further acknowledges that if Franchisor temporarily operates the Franchised Business on Franchisee's behalf under this Paragraph 16.8, Franchisee will indemnify and hold harmless Franchisor and Franchisor's agent or representative respecting any and all claims arising out of Franchisor's operation of the Franchised Business under this Paragraph 16.8. Nothing herein shall require Franchisor to operate the Franchised Business when Franchisee is in default.

16.9 Monetary Fees for Non-Compliance. In addition to any and all other remedies available to Franchisor under this Agreement or under the law upon a default by Franchisee, Franchisor may impose on Franchisee monetary non-compliance fees for the defaults described in this Section 16.9:

(a) Failure to Report Gross Revenues. Franchisee shall pay Franchisor a fee of One

Hundred Dollars (\$100) per day, beginning on the first day after performance is due, up through and including the day the default is cured, if Franchisee fails to report the Gross Revenues of the Franchised Business and/or Daily Flash Reports as set forth in Section 4.2 by the stated deadline.

(b) Failure to Furnish Reports, Financial Statements and Tax Returns. Franchisee shall pay Franchisor a fee of One Hundred Dollars (\$100) per day, beginning on the first day after performance is due, up through and including the day the default is cured, if Franchisee fails to furnish the reports, financial statements, and/or tax returns as set forth in Sections 4.3, 4.4 or 4.5 by the stated deadlines.

(c) Failure to Pay Royalties or Local Marketing Fees. Franchisee shall pay Franchisor a fee of One Hundred Dollars (\$100) per day, beginning on the first day after performance is due, up through and including the day the default is cured, if Franchisee is in default in the payment of royalties or local marketing fees as required under Article IV.

(d) Failure to Use Designated or Approved Suppliers. Franchisee shall pay Franchisor a fee of Five Thousand Dollars (\$5,000) for each and every day, beginning with the first day up through and including the day the default is cured, that Franchisee's Franchised Business fails to use designated or approved suppliers as required in Section 10.3. This fee shall not apply in the event that Franchisee obtains Franchisor's prior written consent to use alternative suppliers pursuant to Section 10.3.

(e) Failure to Comply with Operating Standards Regarding Cleanliness. Franchisee shall pay Franchisor a fee of Five Thousand Dollars (\$5,000) for each and every day, beginning with the first day up through and including the day the default is cured, that Franchisee's Franchised Business fails to comply with Operating Standards relating to food safety and cleanliness or other public health and safety issues, as set forth in this Agreement or in the Manual. The imposition of this fee does not limit Franchisor from any other remedies available to it under this Agreement or under applicable law.

(f) Failure to Comply with Other Operating Standards. Franchisee shall pay Franchisor a fee of Five Hundred Dollars (\$500) for each and every day, beginning with the first day up through and including the day the default is cured, that Franchisee's Franchised Business fails to comply with any Operating Standards, as set forth in this Agreement or in the Manual, and of which the Franchisor has given Franchisee at least fifteen (15) days' notice. The imposition of this fee does not limit Franchisor from any other remedies available to it under this Agreement or under applicable law.

XVII. EFFECT OF TERMINATION OR EXPIRATION

17.1 Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights granted to Franchisee under this Agreement will immediately terminate, Franchisee shall cease to be a licensed franchisee of Franchisor, and:

(a) Franchisee shall immediately cease to operate the Franchised Business as an Melt n Dip Business, and shall not thereafter, directly or indirectly, represent to the public that the restaurant is or was a Melt n Dip Business;

(b) Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any menus, recipes, confidential formulae, equipment, methods, procedures, techniques associated with the System, the Marks, and Franchisor's other trade names, trademarks and service marks associated with the System. In particular, and without limitation, Franchisee shall cease to use all signs, menus, advertising and promotional materials, stationery, forms, packaging, containers and any other articles which display the Marks;

(c) In the event Franchisee continues to operate or subsequently begins to operate a restaurant or other business, Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks in conjunction with such other business which is likely to cause confusion or mistake or to deceive, and further agrees to remove all unique markings, colors, décor, Marks and other features (“**Trade Dress**”) that identify the Franchised Business as a former Melt n Dip Business, and otherwise take all necessary steps to disassociate itself from the System and Franchisor, including but not limited to, the removal of signs and all Trade Dress from the premises of the Franchised Business and destruction of printed materials.

(d) Franchisee acknowledges that all telephone numbers, facsimile numbers, telephone directory listings, e-mail addresses, social media accounts, websites, internet addresses, listings or other presence on the Internet (collectively “**Identifiers**”) used in the operation of the Franchised Business constitute Franchisor’s assets, and upon termination or expiration of this Agreement, Franchisee will take such action within five (5) days to assign to Franchisor or Franchisor’s designee as determined by Franchisor, all of Franchisee’s right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies, internet service providers, domain name registrars, social media platforms or networks of the termination or expiration of Franchisee’s right to use any Identifiers, and to authorize a transfer of the same to Franchisor, or at Franchisor’s direction, to its designee. Further, Franchisee shall deliver to Franchisor any passwords or account manager access information for any Identifiers. Franchisee acknowledges that Franchisor has the sole right to, and interest in, all Identifiers used by Franchisee to promote the Franchised Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints Franchisor to direct the telephone company and all listing agencies, internet service providers, domain name registrars, social media platforms or networks or any other third parties having control over the Identifiers to transfer such Identifiers to Franchisor or Franchisor’s designee. The telephone company and all agencies, internet service providers, domain name registrars, social media platforms or networks or any third parties have control over the Identifiers may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor’s rights to the Identifiers and Franchisor’s authority to direct their transfer. Franchisee agrees to execute the Assignment of Telephone Numbers and Social Media Accounts in the form of Exhibit F to this Agreement.

(e) Franchisee shall immediately take all actions as shall be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration that contains any Marks or other trademarks of Franchisor or in any way identifies Franchisee as being affiliated with the System;

(f) Franchisee shall immediately notify all of its suppliers, utilities, landlords, creditors and others with whom it is doing business that Franchisee is no longer affiliated with the Franchised Business or the System and provide proof to Franchisor of this notification within five (5) days of the termination or expiration of this Agreement;

(g) Franchisee shall immediately make such modifications or alterations to the Franchised Business premises or cessation of operation of the Franchised Business as may be necessary to prevent the operation of any businesses thereon by Franchisee or others in derogation of this Article XVII, and shall make such specified additional changes thereto as Franchisor may reasonably request for that purpose. The modifications and alterations required by this Article XVII shall include but are not limited to removal of all trade dress, proprietary marks and other indicia of the System;

(h) Franchisee shall immediately pay to Franchisor and its Affiliates all sums, fees or charges owed to Franchisor or its Affiliates;

(i) Franchisee shall immediately turn over to Franchisor the Manual, training materials and any other materials containing the Confidential Information and other data, records, files, instructions, correspondence and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession and all copies thereof (all of which are acknowledged to be Franchisor's property) and shall retain no copy or record of any of the foregoing, in any format whether electronic or otherwise, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law; and

(j) Franchisee and its owners shall comply with all of the post-termination covenants set forth in Article XIV.

17.2 Franchisor's Right to Purchase. Franchisor shall have the right (but not the duty) to exercise by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase any and all improvements, furniture, fixtures, equipment, advertising and promotional materials, ingredients, products, materials, supplies, paper goods and any items bearing Franchisor's Marks at then-current fair market value, but specifically excluding any value for goodwill or going concern value. If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and his/her determination of fair market value shall be binding. If Franchisor elects to exercise any option to purchase provided in this Section, it shall have the right to set-off all amounts due from Franchisee under this Agreement and the cost of the appraisal, if any, against any payment therefor. In the event the premises are leased to Franchisee, Franchisee shall, upon termination of this Agreement and upon request by Franchisor, immediately assign, set over and transfer unto Franchisor, at Franchisor's sole option and discretion, said lease and the premises, including improvements. Any such lease entered into by Franchisee shall contain a clause specifying the landlord's consent to assign such lease to Franchisor or its assignee in the event this Agreement is terminated.

17.3 Damages Resulting From Breach. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in seeking recovery of damages caused by any action of Franchisee in violation of, or in obtaining injunctive relief for the enforcement of, any portion of this Article XVII. Franchisee acknowledges and agrees that any failure to comply with the provisions of this Article XVII shall result in irreparable injury to Franchisor.

17.4 Additional Documents. Franchisee shall execute such documents as Franchisor may reasonably require to effectuate termination of the Franchised Business and Franchisee's rights to use the Marks and the System.

17.5 Acknowledgements. Upon the termination or expiration of this Agreement for any reason, Franchisee acknowledges and agrees that:

(a) No payment is due to Franchisee from any source for any claimed goodwill or other equity claimed by Franchisee based on Franchisee's operation or ownership of the Franchised Business, or otherwise; and

(b) No fees, charges, or other payments of any kind from Franchisee to Franchisor

or its Affiliates are refundable wholly or partially.

XVIII. TAXES AND PERMITS

18.1 Taxes. Franchisee shall promptly pay when due all taxes, accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisor will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against Franchisee or the Franchised Business or on Franchisor in connection with Franchisee's operation of the Franchised Business, or any payments Franchisee makes to Franchisor pursuant to this Agreement, including but not limited to royalties and marketing fund contributions (except for Franchisor's own income taxes). If any such taxes are assessed against Franchisor, Franchisee shall reimburse Franchisor the actual amount of the taxes upon demand and upon receipt of proof of tax assessment.

18.2 Permits. Franchisee, in the conduct of the Franchised Business, shall comply with all applicable laws and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business operated under this Agreement, including but not limited to licenses to do business, food service certifications, trade name registrations, sales tax permits and fire clearances.

XIX. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

19.1 Independent Contractor. This Agreement does not establish Franchisee as an agent, legal representative, joint venturer, partner, joint employer, employee or servant of Franchisor for any purpose whatsoever, and Franchisor shall not be construed to be jointly liable for any of Franchisee's or its employees' acts or omissions under any circumstances. Franchisee is solely responsible for the day to day operation of the Franchised Business. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor. The parties further agree that this Agreement does not create any fiduciary relationship between them. During the Term and any extension hereof, Franchisee agrees to take such action as Franchisor deems reasonably necessary for Franchisee to inform and hold itself out to the public, its employees and suppliers as an independent contractor operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall prominently display, by posting of a sign within public view on or in the premises of the Franchised Business, and on any stationery, forms and promotional material a statement that clearly indicates that the Franchised Business is independently owned and operated by Franchisee as a franchisee of Franchisor.

19.2 No Employment Relationship. Franchisee expressly acknowledges that Franchisee is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Franchisor is not a joint employer with Franchisee. Franchisee acknowledges that Franchisor's training, guidance, advice and assistance, Franchisee's obligations under this Agreement and the standards, specifications, policies and procedures required by Franchisor hereunder and in the Manual are imposed not for the purpose of exercising control over Franchisee but rather for the limited purpose of protecting the Marks and Confidential Information, goodwill and brand consistency. The parties acknowledge and agree that Franchisee is solely responsible for the management of the Franchised Business as an independent franchise owner/operator.

19.3 Indemnification.

(a) Franchisee agrees to defend, indemnify and hold harmless Franchisor and its Affiliates, and their respective officers, directors, members, managers, employees, agents, predecessors, successors and assigns from all claims, demands, losses, damages, liabilities, cost and expenses

(including attorneys' fees and expenses of litigation) resulting from, or alleged to have resulted from, or in connection with Franchisee's operation, possession or ownership of the Franchised Business, the Franchised Business premises, or Franchisee's use of the Marks and the System in any manner not in accordance with this Agreement, including but not limited to any claim or action based on or arising out of any injuries, including death, to persons or damage to or destruction of property, sustained or alleged to have been sustained in connection with or to have arisen out of or incidental to the Franchised Business and/or the performance of this Agreement by Franchisee, its shareholders, officers, directors, members, managers, partners, employees, agents, employees, and its subcontractors, their agents and employees or anyone for whose acts they may be liable, regardless of whether or not such claim, demand, damage, loss, liability, cost or expense is caused in whole or in part by the negligence of Franchisor, Franchisor's representatives, or the employees, agents, invitees, or licensees thereof.

(b) Franchisor shall advise Franchisee in the event Franchisor receives notice that a claim has been or may be filed with respect to a matter covered by this Agreement, and Franchisee shall immediately assume the defense thereof at Franchisee's sole cost and expense. In any event, Franchisor will have the right, through counsel of its choice, to control any matter to the extent it could directly or indirectly affect Franchisor and/or its Affiliates or their officers, directors, employees, agents, successors or assigns. If Franchisee fails to assume such defense, Franchisor may defend, settle, and litigate such action in the manner it deems appropriate and Franchisee shall, immediately upon demand, pay to Franchisor all costs (including attorneys' fees and cost of litigation) incurred by Franchisor in effecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor.

(c) Franchisor's right to indemnity hereunder shall exist notwithstanding that joint or several liabilities may be imposed upon Franchisor by statute, ordinance, regulation or judicial decision.

(d) Franchisee agrees to pay Franchisor all expenses including attorneys' fees and court costs, incurred by Franchisor or its Affiliates, and their successors and assigns to remedy any defaults of or enforce any rights under this Agreement, effect termination of this Agreement or collect any amounts due under this Agreement.

XX. APPROVALS AND WAIVERS

20.1 Approvals.

(a) Whenever this Agreement requires the prior approval of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval, and such approval or consent must be in writing.

(b) Franchisor makes no warranties or guarantees upon which Franchisee may rely. Franchisor assumes no liability or obligation to Franchisee or any third party to which Franchisor would not otherwise be subject by Franchisor providing any waiver, approval, advice, consent or suggestions to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

20.2 Waiver. No failure of Franchisor to exercise any power reserved to it in this Agreement, or to insist upon compliance by Franchisee with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand strict compliance with the terms of this Agreement. Waiver by Franchisor

of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any rights under this Agreement, or its right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

20.3 Variation of Standards. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor considers to be best, to vary standards described in this Agreement for any franchise owner based upon the peculiarities of any condition that Franchisor considers important to that franchise owner's successful operation. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

XXI. NOTICES

21.1 Notices. All notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by U.S. Certified mail, Return Receipt Requested, or commercial overnight delivery service, or by e-mail transmission to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to Franchisor:

Melt n Dip Franchising, LLC
4620 Forest Ave.
Brookfield, Illinois 60513
Attn: Khalid Habbab
President
khabbab@meltndip.com

Notice to Franchisee:

All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be addressed to the party to be notified at its most current principal business address or e-mail address of which the notifying party has been notified and shall be deemed so delivered (i) at the time delivered by hand; (ii) one (1) business day after deposit within commercial overnight courier, (iii) three (3) business days after placement in the U.S. Mail by Certified Mail, Return Receipt Requested, postage prepaid and addressed, or (iv) on the date of transmission if an e-mail is sent on business days during business hours and there is a confirmation of transmission (and if not sent during business hours, as of the next business day).

XXII. SEVERABILITY AND CONSTRUCTION

22.1 Severability. Except as expressly provided to the contrary in this Agreement, each article, section, paragraph, part, term, and provision of this Agreement shall be considered severable.

If, for any reason, any article, section, part, term, or provision of this Agreement is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation, or have any other effect upon, such other portions, articles, sections, parts, terms, or provisions of this Agreement as may remain otherwise enforceable, and the latter shall continue to be given full force and effect to bind the parties hereto, the invalid portions, articles, sections, parts, terms or provisions being deemed not to be part of this Agreement.

22.2 Construction.

(a) Except as has been expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, members, managers and employees, and Franchisee's and Franchisor's permitted respective successors and assigns, any rights or remedies under or by reason of this Agreement.

(b) All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

(c) All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all Franchisee parties hereto on behalf of Franchisee.

(d) This Agreement may be executed in counterparts, and each copy so executed shall be deemed an original.

(e) This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by electronic mail or other functionally equivalent means of transmission constitutes valid and effective delivery.

XXIII. ENTIRE AGREEMENT; SURVIVAL

23.1 Entire Agreement. This Agreement, the documents referred to herein and the exhibits hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, modification or variance of this Agreement shall be binding on either party unless in writing and executed by Franchisor and Franchisee. Representations by either party, whether oral, in writing, electronic or otherwise, that are not set forth in this Agreement shall not be binding upon the party alleged to have made such representations and shall be of no force or effect. Nothing in this Franchise Agreement is intended to disclaim any representations made by Franchisor in the franchise disclosure document provided to Franchisee. Franchisee understands and agrees that Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement and that no modifications of this Agreement shall be effective except those in writing and signed by both parties. Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and in the most recent franchise disclosure document provided by Franchisor or its representatives. Franchisee further acknowledges and agrees that no representations have been made to it by Franchisor regarding projected sales volumes, market potential, revenues, or profits of Franchisee's Melt n Dip Business, other than as stated in this Agreement or in the most recent

franchise disclosure document provided by Franchisor or its representatives.

23.2 Survival. Notwithstanding anything herein to the contrary, upon the termination of this Agreement for any reason whatsoever (including the execution of a subsequent franchise agreement pursuant to the provisions of Section 2.2(b)), or upon the expiration of the Term of this Agreement, all provisions of this Agreement which, by their nature, are intended to extend beyond the expiration or termination of this Agreement, shall survive termination or expiration and be fully binding and enforceable as though such termination or expiration had not occurred.

XXIV. DISPUTE RESOLUTION; APPLICABLE LAW; VENUE

24.1 Mediation. Except as otherwise specifically provided herein, prior to the initiation of litigation by either party pursuant to this Agreement, the parties must make a good faith effort to resolve any controversies between them by non-binding mediation either through a mutually acceptable mediator or through an established mediation service selected by Franchisor (in either case, “Mediator”). Mediation shall take place in the DuPage County, Illinois. Prior to mediation, each party involved in mediation shall sign the standard confidentiality agreement reasonably required by Mediator or a confidentiality agreement reasonably required by Franchisor if the Mediator does not have a standard confidentiality agreement. No litigation proceeding may be commenced until the earlier of thirty (30) days from the selection of the Mediator, or the mutual agreement by both parties that mediation has been unsuccessful, or if the notified party fails to respond to the requesting party within thirty (30) days of the delivery of notice requesting mediation. The parties will share equally all fees and expenses of the mediator, and each party shall bear its own costs otherwise. Each party hereby agrees that all statements made in the course of mediation shall be strictly confidential and shall not be disclosed to or shared with any third parties, other than the mediator. Each party also agrees that any documents or data specifically prepared for use in good faith negotiations and/or mediation shall not be disclosed to or shared with any third party except those parties whose presence is necessary to facilitate the mediation process. The parties agree not to make copies of any such documents, and to return them to the other party upon the conclusion of the mediation. Each party agrees and acknowledges that no statements made in, or evidence specifically prepared for mediation shall be admissible for any purpose in any subsequent proceedings.

Notwithstanding the foregoing, Franchisor shall have no obligation to mediate before commencing litigation in the following circumstances: (i) In the event Franchisor seeks the entry of temporary and permanent injunctions and orders of specific performance in a court of competent jurisdiction to: (a) enforce the provisions of this Agreement relating to Franchisee’s use of the Marks and/or Franchisee’s non-disclosure and non-competition obligations under this Agreement; (b) prohibit any act or omission by Franchisee or Franchisee’s employees that constitutes a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or cause irreparable harm to Franchise, the System, the Marks and/or other Melt n Dip franchises agree to waive any claims for damages in the event there is a later determination that an injunction or specific performance order was issued improperly; (ii) in the event Franchisor is filing suit to enforce Franchisee’s obligations to pay Franchisor under this Agreement and to seek collection of such fees due and owing to Franchisor; and (iii) in the event Franchisee has abandoned the Franchised Business or has lost its right to possess the premises of the Franchised Business so that the Franchised Business is no longer operating.

24.2 Arbitration. Except for controversies, disputes or claims related to or based on Franchisee’s use of the Marks or Confidential Information, Franchisee’s compliance with its non-competition obligations and any rights Franchisor may have to possession of the premises of Melt n Dip Business under any sublease, lease or collateral assignments, all controversies, disputes or claims between Franchisor, its affiliates, and their respective owners, officers, directors, agents, employees and attorneys, and Franchisee (its affiliates and owners and guarantors, if applicable), arising out of or

related to this Agreement or any other agreement between the parties; the parties' rights and obligations under this Agreement; Franchisor's relationship with Franchisee or the obligations by and between the parties; or the validity of this Agreement or any other agreement between Franchisor and Franchisee or any provision of such agreements, will be submitted to binding Arbitration administered by the American Arbitration Association ("AAA") in accordance with the AAA's then-current Commercial Arbitration Rules. The arbitration hearing shall take place in DuPage County, Illinois, before a single arbitrator. Any party who fails or refuses to submit any dispute to binding arbitration following a lawful demand by the opposing party shall bear all costs and expenses incurred by the opposing party in compelling arbitration. The parties shall have thirty days after the service of a Statement of Claim and demand for arbitration to agree on a single arbitrator. If the parties cannot agree on a single arbitrator, the matter will be filed with and administered by the AAA, or if AAA is not available, any comparable arbitration body.

24.3 Scope of Arbitration. The arbitrator shall have the right to award or include in the award any relief which he or she deems proper in the circumstances including but not limited to money damages (with interest on unpaid amounts from the date due), specific performance and attorneys' fees and costs, in accordance with this Agreement. THE FOREGOING TO THE CONTRARY NOTWITHSTANDING, THE ARBITRATOR MUST NOT AWARD CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES. THE PARTIES (AND THEIR OWNERS AND GUARANTORS, IF APPLICABLE) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT IN A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. The award and decision of the arbitrator shall be conclusive and binding upon all parties to this Agreement and judgment upon the award may be entered in any court of competent jurisdiction. Franchisor and Franchisee agree that, in connection with any arbitration proceeding, each shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within thirty (30) days after the date of the filing of the claim to which it relates.

24.4 Limitations on Proceedings.

(a) Franchisor and Franchisee agree that arbitration will be conducted on an individual basis only, and not on a joint, collective or class-wide basis, and that an arbitration proceeding between Franchisor and its Affiliates, and Franchisee and its shareholders, officers, directors, members, managers, employees and agents, may not be consolidated or joined with any other arbitration proceeding between Franchisor and any other person or entity. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Franchisor and Franchisee. Further, neither Franchisor nor Franchisee shall attempt to consolidate or otherwise combine in any manner, an arbitration proceeding involving Franchisor and Franchisee with another arbitration of any kind, nor shall Franchisor or Franchisee attempt to certify a class or participate as a party in a class action against the other.

(b) The foregoing notwithstanding, in the event Franchisee controls, is controlled by, or is in active concert with another franchisee of Franchisor, or there is a guarantor of some or all of Franchisee's obligations to Franchisor, then the joinder of those parties to any arbitration between Franchisor and Franchisee shall be permitted, and in all events, the joinder of an owner, director, officer, member, manager, partner or other representative or agent of Franchisor or Franchisee shall be permitted.

24.5 Governing Law/Consent to Venue and Jurisdiction. All arbitration proceedings between

Franchisor and Franchisee shall be governed by the Federal Arbitration Act (“FAA”) and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the FAA, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051, *et seq.*) or other federal law, this Agreement shall be interpreted and governed under the laws of the State of Illinois and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Illinois, which laws shall prevail if there is any conflict of law. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee and/or any affiliate of Franchisee and Franchisor, its Affiliates and their respective officers, directors, members, managers, and employees, the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Illinois or in arbitration in DuPage County, Illinois pursuant to this Article XXIV, and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of DuPage County, Illinois or to arbitration in Illinois pursuant to this Article XXIV. Franchisor, Franchisor’s Affiliates, Franchisee and Franchisee’s Affiliates each waive their rights to a trial by jury.

24.6 Cumulative Remedies. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy herein, or by law or equity provided or permitted; but each shall be cumulative of any other right or remedy provided in this Agreement.

24.7 Injunctive Relief. Notwithstanding the above arbitration provisions, Franchisor and Franchisee will each have the right in a proper case to seek injunctive relief and any damages incidental thereto from a court of competent jurisdiction. Franchisee agrees that Franchisor may obtain this injunctive relief, without posting a bond or bonds in excess of a total of One Thousand Dollars (\$1,000), but upon due notice, and Franchisee’s sole remedy in the event of the entry of any injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had; however, all claims for damages by reason of the wrongful issuance of any such injunction are expressly waived by Franchisee. Any such action will be brought as provided in this Article and the prevailing party shall be entitled to its costs and attorneys’ fees.

24.8 Limitations on Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any and all claims and actions arising out of or relating to this Agreement (including, but not limited to, the offer and sale of this franchise), the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by Franchisee must be commenced within one (1) year from the occurrence of the events giving rise to such claims or action, or such claim or action shall be barred.

24.9 DAMAGES. FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

24.10 Costs and Attorney’s Fees. If a claim for amounts owed by Franchisee to Franchisor or its affiliates is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisee or Franchisor is required to enforce this Agreement in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, expert witness fees, court costs and other expenses of litigation, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding

to enforce the obligations of this Agreement.

24.11 Liquidated Damages. Franchisor shall have the right to impose liquidated damages against Franchisee in the following events: (a) Franchisee terminates this Agreement without good cause, (b) Franchisor terminates this Agreement based on your material breaches under this Agreement, (c) Franchisee abandons the Melt n Dip Business, which for purposes of this Section is failing to open or operate the Melt n Dip Business for more than five (5) consecutive days, (d) you lose possession of the premises of the Melt n Dip Business and fail to find a new location and to re-open the Melt n Dip Business; or (e) you transfer an interest in the Melt n Dip Business or the ownership of Melt n Dip Business or of your assets or the Melt n Dip Business (or any interest therein) without fully complying with Article 15 of this Agreement, whether or not we terminate this Agreement. The amount of liquidated damages shall be equal to (i) thirty-six (36) times (ii) the average Gross Sales of your Melt n Dip Business during the thirty-six (36) months immediately preceding the date of termination (or if you have been in business less than thirty-six (36) months, then during the entire period Franchisee has been in business), times (iii) five percent (5%). This remedy is in addition to Franchisor's other rights and remedies set forth in this Agreement. The liquidated damages are not a penalty or forfeiture but are a reasonable measure of damages where the exact amount of actual damages would be difficult to ascertain. Franchisee also agrees to pay Franchisor's costs and attorney's fees in connection with enforcing this liquidated damages provision.

XXV. MISCELLANEOUS

25.1 Modifications. No modification of any provision of this Agreement shall be valid unless made in writing and executed by both Franchisor and Franchisee; however, the Manual may be modified by Franchisor from time to time and is fully enforceable against Franchisee.

25.2 Beneficiaries. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties shall have any right or claims, benefit, or right as a third party beneficiary under this Agreement or any provision hereof. Similarly, Franchisee is not entitled to claim any rights or benefits including those of a third party beneficiary, under any contract, understanding or agreement between Franchisor and any other person or entities, unless that contract, understanding or agreement specifically refers to Franchisee by name or to a class which Franchisee belongs and specifically grants rights or benefits to Franchisee or to the concerned class.

25.3 Entity Authority. The person or persons signing this Agreement for Franchisee warrant to Franchisor that he, she or they have the requisite corporate authority to sign this Agreement. At the request of Franchisor, the concerned Entity signatory agrees to promptly provide Franchisor with a certified copy of the resolution or other document authorizing the execution of this Agreement and naming the officers or other positions of the Entity that are authorized to sign this Agreement for the Entity.

25.4 Set Off. Franchisee shall not be allowed to set off amounts owed to Franchisor or other amounts due hereunder, against any monies owed to Franchisee, nor shall Franchisee in any event withhold any amounts due to any alleged nonperformance by Franchisor hereunder, which right of set off is expressly waived by Franchisee. Franchisor shall be allowed to set off amounts owed to Franchisee against monies owed to Franchisor by Franchisee.

25.5 Joint and Several Liability. If two or more persons, corporations, partnerships, or other

entities or any combination thereof, sign this Agreement, the liability of each shall be joint and several. All Principals are jointly and severally liable for the performance of Franchisee hereunder.

25.6 Successors in Interest. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties to this Agreement.

25.7 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably, in good faith or as it deems necessary or advisable, Franchisor will satisfy its obligations whenever Franchisor exercises reasonable business judgment in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System and Melt n Dip Businesses generally, even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit all Melt n Dip Businesses and the System include but are not limited to enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

25.8 Modification of the System. Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System including but not limited to altering the products, programs, services, methods, standards, forms, policies and procedures of the System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services that the Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes that Franchisee is required to observe under this Agreement; and changing, improving, modifying, or substituting other words or designs for, the Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder. Franchisee will accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including but not limited to any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

25.9 Force Majeure. Neither Franchisee nor Franchisor will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform their respective obligations results from: (1) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal

government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war, riot, acts of terrorism, or pandemic; or (6) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, this clause shall not apply or not result in an extension of the term of this Agreement.

25.10 Executive Order 13224. To enable Franchisor to comply with U.S. Executive Order 13224, Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of its equity owners, directors, officers, employees, representatives, and agents (collectively, the “Included People”): (a) is, or is owned or controlled by, a suspected terrorist or foreign terrorist, as those terms are used, contemplated, and/or implied in Executive Order 13224, and (b) to the best of Franchisee’s knowledge, has any of the Included People been designated a suspected terrorist or foreign terrorist as those terms are used, contemplated, and/or implied in Executive Order 13224.

25.11 Acknowledgements.

(a) FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED A COMPLETED COPY OF THIS AGREEMENT, THE EXHIBITS HERETO, IF ANY, AND THE AGREEMENTS RELATING THERETO, IF ANY, PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED “DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES” AT LEAST FOURTEEN (14) DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED, APPLICABLE BY STATE.

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

[Signature Page to Franchise Agreement on next page]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed, and delivered this Agreement on the date below each signature.

FRANCHISOR:

FRANCHISEE:

MELT N DIP FRANCHISING, LLC

[_____]

By: _____

Name: _____

Title: _____

Date: _____

Date: _____

OR, if a corporation, limited liability company or other business entity:

Company Name

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
APPROVED LOCATION AND
TERRITORY

As provided in the above franchise agreement, the following information is now available and is hereby specified for inclusion in the franchise agreement.

Approved Location: The location approved by the Franchisor for operation of the Franchised Business is

_____ (“Approved Location”).

Description of Territory:

The Territory shall be a seven (7) mile radius from the Approved Location.

If a map is attached hereto, the boundaries of the Territory as shown on the map shall control.

[Signature Page to Franchise Agreement on next page]

FRANCHISOR:

Melt n Dip Franchising, LLC

An Illinois limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B
ADDENDUM TO LEASE AND COLLATERAL ASSIGNMENT OF
LEASE

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

A. The parties hereto have entered into a certain Lease Agreement, dated _____, 20____, and pertaining to the premises located at _____ (“**Lease**”).

B. Lessor acknowledges that Lessee intends to operate a Melt n Dip Franchised Business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Melt n Dip Franchising, LLC, an Illinois limited liability company (“**Franchisor**”) under the name Melt n Dip or other name designated by Franchisor (herein referred to as “**Franchised Business**”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Term. The term of the Lease (initial term or initial term plus any renewal options) shall extend through the term of the Franchise Agreement which shall expire on _____.

2. Use of Premises. Lessor and Lessee agree that, during the term of the Franchise Agreement, the Premises shall be used only for the operation of a Franchised Business under a Franchise Agreement with Franchisor, unless another use is approved in writing Franchisor.

3. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Melt n Dip Business on the Premises.

4. Franchisor’s Right to Enter. Lessor and Lessee agree that the employees of Franchisor, or its parent, subsidiaries or affiliates, shall have the right to enter the leased premises to make any modifications necessary to protect their proprietary marks.

5. Retail Radius Restrictions in Lease. Any “retail radius restriction” or similar provision shall not be binding upon nor enforceable against Franchisor, nor shall such provision be enforceable against the Lessee in case Franchisor, its parent, subsidiaries or affiliates open a location within a restricted area.

6. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, affiliate, or another franchisee, at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment A (the “**Collateral Assignment**”). However, no assignment shall be effective until the time as Franchisor or

its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated transferee a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its designated transferee unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its designated transferee. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Lessor's consent in accordance with this Section.

7. Amendment/Termination During the Term. Following Franchisor's approval of the Lease, Lessor and Lessee agree not to terminate prior to the end of the Lease term, or in any way amend or alter the terms of this Lease without Franchisor's prior written consent. Any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder.

8. Default and Notice.

a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in the Collateral Assignment. Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Melt n Dip Franchising, LLC
4620 Forest Ave.
Brookfield, Illinois 60513
Attn: Khalid Habbab
President
khabbab@meltndip.com

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

9. Termination or Expiration.

a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any later time to re-assign the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b) Upon the expiration or termination of either the Lease or the Franchise

Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's marks, system, and trade dress, and to distinguish the Premises from a Franchisor's business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

10. Consideration; No Liability.

a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment from Lessee to Franchisor as evidenced by Attachment A hereto.

b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

11. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever reports, information or data Lessor has regarding Lessee's sales from its Franchised Business.

12. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

13. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copies herein in full.

14. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

IN WITNESS WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:

LESSEE:

By: _____

By: _____

Title _____

Title: _____

Attachment A

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the _____ day of _____, 20____ (**“Effective Date”**), the undersigned, _____, (**“Assignor”**) hereby assigns, transfers and sets over unto Melt n Dip Franchising, LLC, an Illinois limited liability company (**“Assignee”**) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Attachment A (**“Lease”**) with respect to the premises located at _____. This Collateral Assignment of Lease (**“Collateral Assignment”**) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Collateral Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a Melt n Dip Business between Assignee and Assignor (**“Franchise Agreement”**), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease at least thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____
Title: _____

ASSIGNEE:

MELT N DIP FRANCHISING, LLC

By: _____
Title: _____

EXHIBIT C
AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION
FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
	☐ Checking (check one)	☐ Savings
Bank Account No.		Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes Melt n Dip Franchising, LLC, an Illinois limited liability company ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____
Name: _____
Its: _____
Federal Tax ID Number: _____

Date: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT D

STATEMENT OF OWNERSHIP

Name of Entity and, if applicable, Trade Name: _____

Form of
Ownership (Check
One)

Corporation ____ LLC ____ Other: _____

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 of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Owners (Members, Stockholders, Partners)

Name	Address	Percentage Owned

Principal owner of Franchisee: _____

Franchisee acknowledges this Statement of Ownership applies to Melt n Dip Business authorized under the Franchise Agreement. Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

FRANCHISEE: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS ("**Guaranty**") is made as of _____, 20____, in consideration of, and as an inducement to, the execution of the Franchise Agreement ("**Franchise Agreement**") by Melt n Dip Franchising, LLC, an Illinois limited liability company ("**Franchisor**"). In consideration thereof, each of the undersigned hereby jointly and severally, personally and unconditionally agrees as follows:

1. **Guaranty.** Guarantor(s) hereby unconditionally and absolutely warrants and guarantees to Franchisor that _____ ("**Franchisee**") shall punctually pay and perform in full each and every undertaking, agreement and covenant set forth in the Franchise Agreement;
2. **Obligations of Guarantor Upon Event of Default.** Should a Default (as defined in the Franchise Agreement) occur, Guarantor(s) shall diligently proceed to cure such Default at Guarantor's sole cost and expense;
3. **Nature of Guaranty.** This Guaranty is an original and independent obligation of Guarantor(s), separate and distinct from Franchisee's obligations to Franchisor under the Franchise Agreement. The obligations of Guarantor to Franchisor under this Guaranty are direct and primary, regardless of the validity or enforceability of the Franchise Agreement. This Guaranty is for the benefit of Franchisor and is not for the benefit of any third party. This Guaranty shall continue until all obligations of Guarantor to Franchisor under this Guaranty have been performed in full.
4. **Guarantor's Authorization to Franchisor.** Guarantor(s) authorizes Franchisor, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (a) to make or approve changes to the Franchise Agreement; (b) to repeatedly compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Franchise Agreement; (c) to take and hold security for the payment of amounts due under the Franchise Agreement or this Guaranty, and exchange, enforce, waive, and release any such security, with or without the substitution of new collateral; (d) to determine how, when, and what application of payments and credits shall be made on amounts due under the Franchise Agreement; and (j) to assign or transfer this Guaranty, in whole or in part.
5. **Guarantor's Representations and Warranties.** Guarantor(s) represents and warrants to Franchisor that: (a) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (b) this Guaranty is executed at Franchisee's request and Franchisor would not execute the Franchise Agreement were it not for the execution and delivery of this Guaranty; (c) Guarantor has not and will not, without the prior written consent of Franchisor, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all, or substantially all, of Guarantor's assets, or any interest therein if any such event would have a material negative effect on Guarantor's ability to perform its obligations under this Guarantor or the Franchise Agreement; (d) neither the execution nor the delivery of this Guaranty, nor compliance with the terms hereof, will conflict with or result in the breach of any law or statute, will constitute a breach or default under any agreement or instrument to which Guarantor may be a party, or will result in the creation or imposition of any charge or lien upon any property or assets of Guarantor; (e) Franchisor has made no representation to Guarantor as to the creditworthiness of Guarantor; and (f) Guarantor has established adequate means of obtaining from Franchisee, on a continuing basis, information regarding Franchisee's financial condition. Guarantor agrees to keep adequately informed of any facts, events or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information from Guarantor, Franchisor shall have no obligation to disclose

to Guarantor any information or documents acquired by Franchisor in the course of its relationship with Franchisee.

6. **Guarantor's Waivers.** Except as prohibited by applicable law, Guarantor waives any right to require Franchisor: (a) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any amount due to Franchisor under the Franchise Agreement or related to any security agreement; (b) to resort for payment or to proceed direction or at once against any person, including Guarantor or any other guarantor; (c) to proceed directly against or exhaust any collateral held by Franchisor against Franchisee, any other guarantor or any other person; (d) to give notice of the terms, time and place of any public or private sale of personal property security held by Franchisor from Franchisee, except as required under applicable provisions of the Uniform Commercial Code; or (e) to pursue any other remedy within Franchisor's power.

Guarantor also waives any and all rights or defenses arising by reason of (a) any "one action" or "anti-deficiency" law or any other law which may prevent Franchisor from bringing any action, including a claim for deficiency, against Guarantor, before or after Franchisor's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (b) any election of remedies by Franchisor which, until Franchisee's indebtedness is paid in full, destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Franchisee for reimbursement, including, without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging any payments due to Franchisor under the Franchise Agreement; (c) any disability or other defense of Guarantor, or any other guarantor, or of any other person, or by reason of the cessation of Guarantor's liability from any cause whatsoever, other than payment in full in legal tender of any amount due from Franchisee to Franchisor; (d) any failure or invalidity of, or any defect in, the Franchise Agreement or Area Development Agreement; (e) any right to claim discharge of any amounts due to Franchisor on the basis of unjustified impairment of any collateral for any payments due; or (f) any statute of limitations, if at any time any action or suit brought by Franchisor against Guarantor is commenced there is outstanding payment due to Franchisor by Franchisee which is not barred by any application statute of limitations.

Until all amounts due and owing to Franchisor by Franchisee are paid in full, Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment, or similar right, whether such claim, demand, or right, may be asserted by Franchisee, Guarantor, or both.

7. **Guarantor's Understanding with Respect to Waivers.** Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of the significance and consequences thereof, and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law.

8. **Rights and Remedies.** If Guarantor shall fail to perform promptly as provided in this Guaranty, Franchisor shall have the following rights and remedies:

- (a) **Perform Work.** Franchisor may, at its option, proceed to perform on behalf of Guarantor any and all work related to the Franchised Business (as that term is described in the Franchise Agreement) and to pay any costs incurred in connection with the work. Guarantor, upon Franchisor's demand, shall promptly pay to Franchisor all such sums expended together with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.
- (b) **Cure Defaults.** Franchisor may, but without any obligation to do so, cure any defaults, including without limitation, paying any unpaid bills and liens, including without

limitation those for construction, labor, and materials. Guarantor, upon Franchisor's demand, shall promptly pay to Franchisor all such sums expended together with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.

- (c) Specific Performance. From time to time and without first requiring performance on the part of Franchisee and without being required to exhaust any security held by Franchisor, to require Guarantor specifically to perform Guarantor's obligations under this Guaranty, by action at law or in equity or both, and further, to collect in any such action, compensation for all loss, cost, damage, injury and expense sustained or incurred by Franchisor as a direct or indirect consequence of Guarantor's failure to perform, with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.
- (d) Other Rights and Remedies. In addition, Franchisor shall have and may exercise any or all of the rights and remedies it may have available at law, in equity, or otherwise.

9. **Subordination of Franchisee's Debt to Guarantor.** Guarantor agrees that, until full payment of the amounts due to Franchisor from Franchisee under the Franchise Agreement, these amounts, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Franchisee, whether or not Franchisee becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Franchisee, upon any account whatsoever, to any claim that Franchisor may now or hereafter have against Franchisee. In the event of insolvency and consequent liquidation of the assets of Franchisee through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Franchisee applicable to the payment of the claims of both Franchisor and Guarantor shall be paid to Franchisor and shall be first applied by Franchisor to the amounts due to Franchisor from Franchisee. Guarantor does hereby assign to Franchisor all claims which they may have or acquire against Franchisee or against any assignee or trustee in bankruptcy of Franchisee; provided however, that such assignment shall be effective only for the purpose of assuring to Franchisor full payment of all amounts due under the Franchise Agreement. Guarantor agrees, and Franchisor is hereby authorized, in the name of Guarantor and from time to time, to execute and file financing statements and continuation statements and to execute such other documents and to take such other actions as Franchisor deems reasonably necessary or appropriate under applicable law to perfect, preserve and enforce its rights under this Guaranty.

10. **Miscellaneous Provisions.** The following miscellaneous provisions are a part of this Guaranty:

- (a) Amendments. This Guaranty, together with any related documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of, or amendment to, this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound with the alteration or amendment.
- (b) Attorneys' Fees; Expenses. Guarantor agrees to pay, upon demand, all of Franchisor's costs and expenses, including Franchisor's reasonable attorneys' fees and Franchisor's legal expenses, incurred in connection with the enforcement of this Guaranty. Franchisor may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Franchisor's reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or

injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

- (c) Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.
- (d) Governing Law. This Guaranty will be governed by, construed and enforced in accordance with, federal law and the laws of the State of Illinois. This Guaranty has been accepted by Franchisor in the State of Illinois.
- (e) Choice of Venue. If there is a lawsuit, Guarantor agrees, upon Franchisor's request, to submit to the jurisdiction of the courts of the State of Illinois.
- (f) No Waiver by Franchisor. Franchisor shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Franchisor. No delay or omission on the part of Franchisor in exercising any right shall operate as a waiver of such right or any other right. A waiver by Franchisor of a provision of this Guaranty shall not prejudice or constitute a waiver of Franchisor's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Franchisor, nor any course of dealing between Franchisor and Guarantor, shall constitute a waiver of any of Franchisor's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Franchisor is required under this Guaranty, the granting of such consent by Franchisor in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Franchisor.
- (g) Notices. Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified mail, postage prepaid, and addressed as prescribed in the Franchise Agreement and as disclosed in the Statement of Ownership attached thereto.

Any party may change its address for notices under this Guaranty by giving formal written notice in accordance herewith, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Franchisor informed at all times of Guarantor's current address.

- (h) Severability. If a court of competent jurisdiction finds any provision of this Guaranty to be illegal, invalid or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid or unenforceable as to any other circumstances. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Guaranty. Unless otherwise required by law, the illegality, invalidity or unenforceability of any provision of this Guaranty shall not affect the legality validity or enforceability of any other provision of this Guaranty.

- (i) Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interests, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Guarantor, Franchisor, without notice to Guarantor, may deal with Guarantor's successors with reference to this Guaranty and the Loan by way of forbearance or extension without releasing Guarantor from the obligations of this Guaranty or liability for payments due under the Franchise Agreement.

11. **Definitions**. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code.

- (a) Franchisee. The word "**Franchisee**" means _____, and all other persons and entities signing the Franchise Agreement in whatever capacity.
- (b) Guarantor. The word "**Guarantor**" means each and every person or entity signing this Guaranty.
- (c) Franchisor. The word "**Franchisor**" means Melt n Dip Franchising, LLC, its successors and assigns.

[Remainder of this page is intentionally left blank]

THE UNDERSIGNED GUARANTOR(S) ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO FRANCHISOR. NO FORMAL ACCEPTANCE BY FRANCHISOR IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED AS OF _____, 20__.

_____, an _____

Percentage ownership
in Franchisee: ____%

Print Name: _____
Title, as applicable: _____

_____, an _____

Percentage ownership
in Franchisee: ____%

Print Name: _____
Title, as applicable: _____

Percentage ownership must equal 100

EXHIBIT F

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS AND DIGITAL MARKETING ACCOUNTS

Franchisee (Assignor): _____, whose business address is _____, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by MELT N DIP FRANCHISING, LLC LLC (Franchisor/Assignee), having its principal place of business at 4620 Forest Ave., Brookfield, IL 60513, hereby assigns unto the Franchisor/Assignee (i) all telephone numbers and listings utilized by Assignor in the operation of Assignor's Melt n Dip Business at Assignor's address above-referenced, and (ii) all Digital Marketing accounts and all Digital Marketing passwords and log-in information. As used in this Assignment, "Digital Marketing" means the **integrated marketing services used to attract, engage and convert customers online**. Digital Marketing utilizes multiple channels such as content marketing, influencer marketing, SEO, social media and online advertising to help brands connect with customers. Assignor acknowledges that Melt n Dip and associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any telephone numbers and directory listings and Digital Marketing associated with Melt n Dip trademarks and service marks was solely due to a limited license granted by Franchisor/Assignee in connection with the Franchisor/Assignee's trademark(s)/service mark(s) pursuant to a Franchise Agreement. Once said license has expired and/or terminated pursuant to the expiration or termination of the Franchise Agreement, Assignor has no right to the telephone number or directory listing or Digital Marketing associated with the Franchisor/Assignee's trademark, including, but not limited to Melt n Dip.

This Assignment shall constitute authorization to the appropriate telephone company to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said business telephone lines and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

Upon the Assignment, Franchisor/Assignee hereby assumes the performance of all of the terms, covenants and conditions of the third parties holding such accounts with the full force and effect as if the Franchisor/Assignee has been originally issued such telephones, telephone numbers, telephone listings and Digital Marketing accounts.

[Signature Page Follows.]

ASSIGNOR (Franchisee):

By: _____

Name: _____

Dated: _____

FRANCHISOR/ASSIGNEE:
MELT N DIP FRANCHISING, LLC

By: _____

Name: _____ Title: _____

Title: _____

Dated: _____

EXHIBIT C-1
List of Current Franchisees as of 12/31/24

Florida

MELT N DIP 56, LLC
11301 N. 56th St., Ste. 11
Temple Terrace, FL 33617
813-415-2104

Illinois

BAMZ Associates, LLC
4416 E New York St
Aurora, IL 60504
331-212-5182

BRINSO LLC
6300 Kingery Hwy Unit 126
Willowbrook, IL 60527
630-522-3924

A & H MD Limited, Inc
13030 S. LaGrange Rd.
Palos Park, IL 60464
708-671-8516

Indiana

ZHJ Hospitality, LLC
9840 E 116th St. Ste. 100
Fishers, IN 46037
858-603-7379

Michigan

SSBA, LLC
6698 Orchard Lake Rd.
West Bloomfield, MI 48322
248-346-4772

M.N.D. Michigan, LLC
24606 Ford Rd, Ste B
Dearborn Heights, MI 48127
313-228-5099

Wisconsin

WADHA, LLC

7820 W. Layton Ave.
Greenfield, WI 53220
414-249-5008

Franchise Agreement Signed but Outlet Not Yet Open

Abdel Zahriyeh
Pembroke Pines, FL
954-394-4957

Mohammad Ayyash
Ballwin, MO
314-680-4762

Qahtan Alsaidi
Clifton, NJ
347-817-8652

EXHIBIT C-2
List of Former Franchisees as of 12/31/24

None.

EXHIBIT D

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EXHIBIT E
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT F
STATE ADDENDA

**MELT N DIP FRANCHISING, LLC
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

This addendum to the Franchise Agreement is by and between Melt n Dip Franchising, LLC (Franchisor) and _____ (Franchisee) to amend said Agreement as follows:

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

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

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date below the signatures.

Franchisor:
Melt n Dip Franchising, LLC
An Illinois limited liability company

Franchisee:
A _____ corporation/LLC
Organized in the State of _____

By: _____
Title: _____
Date Accepted: _____

By: _____
Title: _____
Date Signed: _____

MELT N DIP FRANCHISING, LLC
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

This Addendum is to a Franchise Agreement dated _____, 20__ between Melt n Dip Franchising, LLC and _____ (Franchisee) to amend said Agreement as follows:

1. Section 9 of the Franchise Agreement on Renewal and Article 12 of the Franchise Agreement on Transfer by Franchisee amended by the addition of the following language to the original language that appears therein:

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 the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. Section 12.05 of the Franchise Agreement on Transfer by Franchisor shall be amended by the addition of the following language to the original language that appears herein:

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

3. Section 21.09 of the Franchise Agreement on Governing Law/Consent to Jurisdiction shall be amended by the addition of the following language to the original language that appears therein:

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

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

[SIGNATURE PAGE FOLLOWS.]

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

FRANCHISOR:

MELT N DIP FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

MELT N DIP FRANCHISING, LLC
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

1. Item 17 of the Franchise Disclosure Document is amended by the addition of the following:

"Section 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 application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.’”

**MELT N DIP FRANCHISING, LLC
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

This addendum to the Franchise Agreement is by and between Melt n Dip Franchising, LLC and _____ (Franchisee) to amend said Agreement as follows:

1. Section 13(C) of the Franchise Agreement on Governing Law/Consent to Jurisdiction is amended by the addition of the following language to the original language that appears therein:

"Section 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 application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.'"

2. Section 13(A) of the Franchise Agreement on Agreement to Arbitrate is amended by the addition of the following language to the original language that appears therein:

"Rhode Island law provides with respect to a claim enforceable under the Rhode Island Franchise Investment Act, that any provision in a franchise agreement which restricts jurisdiction or venue outside of Rhode Island is void. Accordingly, arbitration of a claim enforceable under the Act will be conducted in Rhode Island unless the franchisee agrees otherwise."

IN WITNESS WHEREOF, this Agreement has been executed by the Company and Developer on the date below the signatures.

FRANCHISOR:

FRANCHISEE:

MELT N DIP FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**MELT N DIP FRANCHISING, LLC
ADDENDUM TO DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA**

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

Additional Disclosure. The following is added to Item 5:

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

The following statements are added to Item 17.h.:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement 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."

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

**MELT N DIP FRANCHISING, LLC
ADDENDUM TO FRANCHISE AGREEMENT
FOR USE IN COMMONWEALTH OF VIRGINIA**

This addendum to the Franchise Agreement is by and between Melt n Dip Franchising, LLC (Franchisor) and _____ (Franchisee) to amend said Agreement as follows:

1. Section 5(a) of the Franchise Agreement on “Initial Franchise Fee” is amended by the addition of the following:

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

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

3. Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF the parties hereto have executed, sealed and delivered this Agreement in counterparts on the date below the signatures.

FRANCHISOR:

FRANCHISEE:

MELT N DIP FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. Site of Arbitration, Mediation, and/or Litigation. 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.
4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. Noncompetition Covenants. 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. Nonsolicitation Agreements. 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.

16. Questionnaires and Acknowledgments. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
19. Sections 2.1 and 2.2 of the Multi-Unit Development Agreement on “Fees” are amended by the addition of the following:

Notwithstanding the language in Sections 2.2., payment of the development fee is deferred until the franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business.
20. Sections 9.4 and 12.8 of the Multi-Unit Development Agreement shall be deleted in their entirety.
21. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Multi- Unit Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

[Signature Page Follows.]

The undersigned parties do hereby acknowledge receipt of this Addendum.

**MELT N DIP FRANCHISING,
LLC**, an Illinois limited liability
company

By: _____

Its: _____

Date: _____

FRANCHISEE:

[Insert individual name or company]

By: _____

Its: _____

Date: _____

STATE EFFECTIVE DATES

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

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

State	Effective Date
Indiana	July 16, 2025, as amended December 17, 2025
Michigan	November 8, 2025
Minnesota	Pending
New York	Pending
Michigan	November 8, 2024 and November 8, 2025
Rhode Island	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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 Melt n Dip Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Melt n Dip Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit E).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone No.
Saad M. Kattab	4620 Forest Ave., Brookfield, Illinois 60513	708-581-4905
Khalid Habbab	4620 Forest Ave., Brookfield, Illinois 60513	708-581-4905
Richard Oudeh	4620 Forest Ave., Brookfield, Illinois 60513	708-581-4905

Issuance Date: July 8, 2025, as amended December 17, 2025

I received a disclosure document dated July 8, 2025, as amended December 17, 2025, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. List of Current and Former Franchisees
- D. Manual Table of Contents
- E. State Administrators and Agents for Service of Process
- F. State Addenda

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

RECEIPT

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 Melt n Dip Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone No.
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Richard Oudeh	4620 Forest Ave., Brookfield, Illinois 60513	708-581-4905

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- E. State Administrators and Agents for Service of Process
- F. State Addenda

Signature: _____

Print Name: _____

Date Received: _____

**Return this copy to us at Melt n Dip Franchising, LLC,
4620 Forest Ave., Brookfield, Illinois 60513.**