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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

MENCHIE'S GROUP, INC.

a California corporation
17555 Ventura Boulevard, Suite 200
Encino, CA 91316
818-708-0316 www.menchies.com

menchie's®

We grant you the right to operate a MENCHIE'S Store. Your Store will offer for sale soft- serve frozen yogurt, ice cream, desserts and beverage items and other related products. We also grant to qualified franchisees the right to develop MENCHIE'S stores under an Area Development Agreement.

The total investment necessary to begin operation of your Store is $142,196 - $455,247. This includes $42,720 - $42,920 that must be paid to us. If you If you sign an Area Development Agreement, you must pay us a Development Fee equal to $96,000 if you are going to open 3 Stores and $125,000 if you are planning to open 5 Stores.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact MJ Kwon, at 17555 Ventura Boulevard, Suite 200, Encino, CA 91316; telephone 818-708-0316.

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

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

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

Issuance Date: April 17, 2018 as amended November 1, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/ ARBITRATION/ ~~MEDIATIONONLY~~ MEDIATION ONLY IN CALIFORNIA; OUT-OF-STATE LITIGATION/ ARBITRATION/ MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE/ ARBITRATE/MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

2. YOU DO NOT RECEIVE AN EXCLUSIVE TERRITORY. WE CAN COMPETE WITH YOU IN NON-TRADITIONAL (SPECIAL SITE) LOCATIONS AND IN ALTERNATE CHANNELS OF DISTRIBUTION.

~~3. ALL OF THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.~~

3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Registration States Effective Dates: See following page.

MENCHIE'S

Franchise Disclosure Document Effective Dates

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

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	August 15, 2018
Hawaii	~~pending~~September 11, 2018
Indiana	May 3, 2018
Michigan	October 7, 2017
Minnesota	June 25, 2018
New York	August 15, 2018
North Dakota	June 20, 2018
Rhode Island	May 2, 2018
South Dakota	June 14, 2018
Virginia	July 12, 2018
Wisconsin	June 18, 2018

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Vice President: Kristin Belg

Ms. Belg has served as Vice President since March 2017. Ms. Belg has served as our Director of Communications since June 2012. Ms. Belg has also served as the Director of Communications for MidiCi in Encino, CA since August 2014. From June 2010 to June 2012, she served as our Franchise Relation Manager. From June 2009 to 2010, she served as a Franchise Relations Leader for us.

Senior Director Franchise Development: MJ Kwon

Ms. Kwon serves as Senior Director Franchise Development since March 2017. Ms. Kwon has served as our Director of Franchise Development since February 2016. Ms. Kwon has also served as the Director of Franchise Development for MidiCi in Encino, California, since August 2014. From August 2014 to February 2016 she served as our Franchise Development Manager. From March 2011 until August 2014 she served as our Head Franchise Development Associate.

Senior Director of Supply Chain: Lydia Wardle

Ms. Wardle serves as our Senior Director of Supply Chain since September 2016 and the Senior Director of Supply Chain for MidiCi. From January 2015 until September 2016, Ms. Wardle was, Miami Florida Director of Supply Chain for RSI in Miami, FL. From August 2011 until January 2015, Ms. Wardle was the Manager for McDonald's Corp, in Oakbrook, IL.

Controller: Diana Vasquez

Ms. Vazquez serves as our Controller since April 2017. Prior to that time was our Senior Director since January 2016 and our Director since October 2012. She has also served and continues to serve in the same time and capacity for MidiCi.

Director of Research and Product Development: Kathie Manirath

Ms. Manirath serves as our Director of Research and Product Development since December 2017. From November 2009 until November 2017, Ms. Manirath was the Product Development manager for Ajinomoto Windsor, Inc. in Ontario, California.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

~~No~~ On September 21, 2018, an affiliate, MidiCi Group, LLC ("MidiCi") filed a petition to reorganize under Chapter 11 in the Central District of California (Case No. 18-BK-12354). MidiCi continues to operate its business. MidiCi is a separate entity from us, and operates a separate brand, and a separate franchise system. Other than described above, there is no additional bankruptcy information which is required to be disclosed in this Item.

Type of Fee *	Amount	Due Date	Remarks
Inspection Fee	Our costs and expenses in conducting any subsequent pre-opening Store inspection. We estimate that this amount will not exceed $1,500.00.	Upon demand	We will inspect your Store prior to opening. If your Store does not pass initial inspection, you will be charged for all costs and expenses we incur in conducting any subsequent inspections.
Taxes (3)	Actual Costs	Upon demand	
Liquidated Damages (4)	$250 per day	As incurred	Payable for each day unauthorized Menu Items, products or services are offered for sale or sold.
~~Violation of the Non Solicitation of Employees (5)~~	~~Up to $25,000 plus attorneys' fees and expenses~~	~~Upon demand~~	~~If you solicit or employ any person in a managerial position with us~~
Termination Fee ~~(6~~(5)	$250 per week for each week remaining in the Term of the Franchise Agreement if the Term of the Franchise Agreement had not been terminated early.	Upon demand	If you terminate the Franchise Agreement early or we terminate the Franchise Agreement due to your uncured breach(es)

* You will pay all fees to us unless otherwise noted. All fees are non-refundable unless otherwise noted. All fees are uniformly imposed.

**These fees are found in both the Franchise Agreement and ADA.

Notes:

(1) Royalty Fee and Marketing Fees. "Gross Sales" means the total revenues collected and receipts from the sale of all products, services and merchandise sold in your Store or otherwise, including any catering or delivery services, cover charges or fees, in your Store or on its premises and all revenues derived from any type of authorized vending machines. Gross Sales excludes sales taxes.

You will comply with the procedures specified in the Manual (as defined below) or as otherwise communicated for any electronic funds transfer program or any other program we institute and shall perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to accomplish payment by electronic funds transfer, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of

Royalty Fees, Marketing Fees, Technology Fees and other amounts, including interest payable to us. In addition, you will pay all costs associated with utilizing an electronic funds transfer payment program. If you fail to timely report to us in accordance with the procedures set forth in the Franchise Agreement and in the Manual, in addition to any applicable late charge, we have the right, but not the obligation, to debit from your account an estimated amount based on our reasonable estimation of your Gross Sales.

(2) Technology Fee. You are required to pay us a Technology Fee equal to $80 per month by the 1st day of each month. The fee will cover our expenses associated with furnishing one user with our franchise management software, creating email accounts, email marketing, and providing technology administration and maintenance according to our then current guidelines and procedures, which may change from time to time. We reserve the right to increase or decrease the monthly fee each calendar year in an amount not to exceed 5%. We will provide you with a 14 days' prior written notice of any such change.

(3) Taxes. You must pay us the amount of any State or local sales, use, gross receipts, or similar tax that the State or local government authority imposes on fees which you pay to us under the Franchise Agreement, without offset or deduction of any kind. Your obligation to reimburse us for these taxes does not extend to income-type taxes which a State or local government imposes on our income.

(4) Liquidated Damages for Sale of Unauthorized Menu Items, Products or Services. Uniformity of menu items, products and services offered by all Menchie's Stores is of utmost importance to us, our franchisees and the System. If you offer to sell or do sell menu items, products or services which are not authorized or are not prepared in accordance with the Manual, you agree we will be damaged by your non-compliance. These damages will be calculated at the rate of $250 per day for each day unauthorized products or services are offered or sold and will be in addition to any other rights and remedies we may have against you. We have the right to collect these amounts in addition to any and all of our other rights for non-compliance provided for under the Franchise Agreement. You agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services are difficult to determine and we and you desire certainty in this matter and agree that the damages provided here are reasonable, constitute liquidated damages and are not a penalty.

~~(5) Violation of the Non-Solicitation of Employees. If you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months is or was employed in any type of managerial position by us or any of our affiliates, you will owe us for all costs and expenses incurred in losing and replacing the employee up to a maximum of $25,000, plus attorneys' fees and expenses.~~

~~(6~~(5) Termination Fee. You acknowledge and understand that if the Term of the Franchise Agreement is terminated for any reason, we will incur damages including the loss of the future Royalties and Marketing Fees. In such situations, we have the right to require you to pay us a "Termination Fee" within 5 days of the date of termination. The Termination Fee equals $250 per week for each week. The Termination Fee is for the convenience of the parties and is in addition to any and all remedies we may have as a result of the early termination. Further, the Termination Fee is not to be considered liquidated damages.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Store.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of trademarked merchandise, goods, products and services as described in this Item 8, as well as in connection with any future purchases of any goods, products or services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. We do derive revenue from items we sell directly to you by charging you more than our cost. During our last fiscal year ending December 31, 2017, we derived revenue from your purchases from us in the amount of $2,907,699, which amount represents 15.5% of our total revenue of $18,760,290.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

We have received funds from suppliers who have participated in the development of branded items such as our spoons. The funds that are received are allocated for the development of new spoons and the cost of tooling/ molds required in the process. In 2017, we received $30,597.60 for this purpose and allocated a total of $0 in new spoon development and manufacture.

Certain suppliers provide funds to support monthly campaigns that relate to their specific products. These funds are provided by the suppliers to assist with the cost associated with the design, production and execution of the specific monthly campaign. In 2017 we received $156,499.43 from these suppliers (e.g., California Milk Advisory Board provided us with funds for promoting the use of California milk in our yogurt all around the country). The funds less investments in these types of promotions left us with a negative fund balance of $255,319.62. Due to the cost of overseeing and administering the development and production of the monthly campaign and the overall potential financial liability and overall cost of funds, this fund may generate a positive balance, which we may use in any way we deem appropriate.

We collect funds for a dairy fund which was created to stabilize the cost of our proprietary yogurt against changes in the volatile commodity market, to cover costs associated with expired products, discounted products, moving products around the country when needed and product development. In 2017, the total associated cost with the fund was $105,766.01 due to the cost of overseeing and administering the development and production and the overall potential financial liability and overall cost of funds, this fund may generate a positive balance, which we may use in any way we deem appropriate.

Over the last 4 ~~year~~ years from the collected funds from our suppliers, we had a negative fund of $539,337.08.

You can expect that items purchased or leased in accordance with our specifications will represent approximately 90% of total purchases you will make to begin operations of the business and 70% of the ongoing costs to operate the business.

Obligation	Section in Agreement*	Item in Disclosure Document
(t) Transfer	Sections XI; ADA Section 9	Items 6 and 17
(u) Renewal	Section 4B; None in ADA	Items 6 and 17
(v) Post-termination obligations	Sections XIV; ADA Sections 8A-8F	Item 17
(w) Non-competition covenants	Section X.D; None in ADA	Item 17
(x) Dispute resolution	Sections XII; ADA Sections 10H, 10I, 10J and 10N	Item 17
(y) Other	Not Applicable	Not Applicable

*Unless otherwise noted, Section references are to the Franchise Agreement.

Item 10
FINANCING

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this document.)

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

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

Pre-Opening Assistance

Before you open the Store, we will:

1. Provide you with our site selection criteria and general building and design requirements for your Store. Provide you with site selection assistance and support. (Franchise Agreement—Sections V.A and 5B.)

2. Provide you with our Circle of Success Program. (Franchise Agreement – Section II.A.)

3. Provide you with the Approved Supplies and Approved Suppliers lists. (Franchise Agreement—Section VI.C.)

locations we designate. In addition to attending these courses, you must attend an annual meeting of all franchisees at a location we designate. We will not require attendance at the annual meeting for more than 3 days during any calendar year. You are responsible for all related travel and living expenses and wages. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional training program we may require is unknown. Generally, this additional training will be available on an "as needed" basis depending on new product and services introduction, and the availability of training locations.

We may require Store managers to satisfactorily complete initial and ongoing training programs. We may charge you a fee for training managers (we will determine the training charge, but in no event will this charge exceed $500 per person per day). You are responsible for all related travel and living expenses and wages.

Operations Manual

This Operations Manual, which may be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) ("Manual") is confidential and remains our property. You will operate your Store in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments thereto, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our for use in the operation of the Store, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within the Store. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit E to this disclosure document. Currently there is no electronic version. The Manual is 295 pages in length.

Item 12
TERRITORY

You will operate the Store at a specific location that we first must approve (the "Authorized Location"). We will grant you a designated territory which will be described in Schedule A of the Franchise Agreement ("Designated Territory"). Typically~~-~~, the Designated Territory will be a 2 mile radius around the Restaurant. The following locations are excluded from your Designated Territory and we have the right to develop or franchise Restaurants at these locations (whether within or outside your Designated Territory): (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; and (6) special events (collectively "Special Sites"). The boundaries of your Designated Territory may depend upon any major topographical features which clearly define a contiguous area, like rivers, major freeways, of this Disclosure Document, we do not anticipate requiring franchisees to attend meetings for more than 10 days during any calendar year. You are responsible for all related travel and living expenses associated with attending any such meetings, conventions or conferences. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional meetings, conventions or conferences we require you to attend is unknown and will depend on the frequency with which new products or services are introduced to the System.

If you are, or at any time during the term of the Franchise Agreement become, a business corporation, partnership, limited liability company, or other legal entity, you must designate an "Operating Partner." Your Operating Partner must be an individual who (a) owns and controls not less than 5% of the equity and voting rights in the Franchisee entity; (b) has completed our initial training program; and (c) has the power and authority to bind you in all dealings with us. If you are a corporation, limited liability company, partnership or other legal entity, all owners (but not spouses unless they are owners) must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is included with your Franchise Agreement.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all Menu Items and perform all services that we require for MENCHIE'S Stores. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer.

You may not offer any delivery service or engage in any catering services without our prior written approval. You also may not offer for sale any Menu Items or other products through the Internet or other online programming or marketing. You are not otherwise limited in the customers to whom you may sell products or services.

We may require you, if permitted by applicable law, to participate in a gift card or other customer loyalty program in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

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Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE

	Provision	Section in Agreement*	Summary
v.	Choice of forum	Section XV.K Section 10G of the ADA	Litigation must be in the applicable federal or state court where our headquarters are located (currently, California) (subject to state law).*
w.	Choice of law	Section XV.K Section 10G.1 of the ADA	The law of the state where the Franchisee's Store is located will govern (subject to state law).* The law of the state where you are located will govern (subject to state law).*

*If a state regulator requires us to make additional disclosures related to the information contained in this disclosure document, these additional disclosures are contained in a State Law Addendum included in this disclosure document Exhibit F.

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and 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.

This Item 19 contains certain historical data relating to the operation of our franchised and company-owned locations. The franchisee data included in this Item 19 was taken from the information reported to us by our franchisees through our electronic point-of-sale system. The franchised and company-owned data included in this Item 19 reflects information during the 53-week annual period from January 2, 2017 until December 31, 2017 (the "Measurement Period"). We have not audited this information, nor independently verified this information.

Section I – Average Gross Sales and the Median Gross Sales of Locations Selected Under Real Estate 2.0 Platform

As of January 1, 2018, we had 430 franchised locations operating domestically under the MENCHIE'S trademarks. Of these 430 locations, 362 were open and operating for the entire Measurement Period and were not located in non-traditional locations. 264 of these locations operated from franchised locations that were procured under our Real Estate 2.0 platform.

Section I of this Item 19 includes the average and median Gross Sales earned by the 264 of the 362 franchised locations that were procured under our Real Estate 2.0 platform. In 2012, we changed our real estate site criteria.

The average Gross Sales for our 264 franchised locations during the Measurement Period was $380,949.64, 111 of which (i.e.,42%) met or exceeded this average. The median Gross Sales for our 264 franchised locations during the Measurement Period was $357,717.06 of which 132 (50 %) met or exceeded this median.

The highest Gross Sales of any store was $862,484.73 and the lowest Gross Sales of any Store was $120,694.04.

Section II – Company-Owned Gross Sales

Section II of this Item 19 includes the actual Gross Sales earned by our one company- owned location during the Measurement Period. We acquired our company-owned location from an existing franchisee in September 2011.

The actual Gross Sales for our company-owned location during the Measurement Period was $690,477.23.

Additional Notes:

Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

We have not audited or independently verified the franchisee information included in this Item 19.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting MJ Kwon at 17555 Ventura Boulevard, Suite 200, Encino, CA 91316; telephone 818-708-0316, the Federal Trade Commission, and the appropriate state regulatory agencies.

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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 Menchie;s Group, Inc. offer you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, we must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business 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.

If Menchie's Group, INc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Menchie's Group, Inc., located ~~at~~ at 17555 Ventura Boulevard, Suite 200, Encino, California 91316 (818) 708-0316. The name, principal business address and telephone number of each franchise seller offering the franchise:

☐ Amit Kleinberger	☐ Chris Brown	☐ Tom Regev	☐ MJ Kwon
☐ Eric Edwards			

~~17555 Ventura Boulevard, Suite 200, Encino, California 91316 (818) 708-0316~~
Issuance Date: April 17, 2018 as amended November 1, 2018

I have received a Disclosure Document dated April 17, 2018 as amended November 1, 2018 that included the following Exhibits: (A) Agents for Service of Process & State Administrators, (B) Financial Statements, (C) Franchise Agreement, (D) Area Development Agreement, (E) Operations Manual Table of Contents, (F) State Addenda, (G) Sample Release, (H) List of Franchisees and Subfranchisees in the System, and (I) Receipts.

Date:______________________ Signed: ______________________________
Print Name: ______________________________
Address: ______________________________
City: ____________________ State ____________
Phone (   ) ____________________ Zip____________

Date:______________________ Signed: ______________________________
Print Name: ______________________________
Address: ______________________________
City: ____________________ State ____________
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Prospective Franchisee's Copy – Keep for your Records

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Date:____________________

Signed: ____________________
Print Name: ____________________
Address: ____________________
City: ____________________ State __________
Phone (   ) ____________________ Zip__________

Date:____________________

Signed: ____________________
Print Name: ____________________
Address: ____________________
City: ____________________ State __________

secure your obligation to the seller of, or lender of funds used for the purchase of, such furniture, fixtures, and equipment.

U. Day-to-Day Control. You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Store is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us in this Agreement, this right and responsibility possessed by you includes the employment, supervision, setting the conditions of employment and discharge for your employees, daily maintenance, safety concerns and the achievement of conformity with the System.

V. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised store or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such store or store, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

W. ~~X.~~ ~~Non-Solicitation of Employees. You may not employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months was employed in any type of managerial position by us or our affiliates unless you compensates us for all costs and expenses incurred in losing and replacing the employee up to a maximum of $25,000, plus attorneys' fees and expenses.~~ Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement. However, as described in Section V.A, you do not have the right to, and may not, open and commence operation of a Store at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

XVI. YOUR WARRANTIES AND REPRESENTATIONS

A. We have not and do not represent that you can expect to maintain a specific level of sales, profits, or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors acknowledge that you have and they are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of this franchise and not act in reliance on or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, brokers or other franchise sellers that are not contained in or are contrary to the terms set forth in this Agreement or any representation in the FDD. You and your guarantors understand that they may sustain losses as a result of the operation or the closing of the Store. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree and depends, to a large degree, on your skills, abilities, initiative, and hard work.