FRANCHISE DISCLOSURE DOCUMENT

Mr. Twister Pretzels, Inc.
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The Franchisor is offering a franchise for the operation of retail bakeries ("Franchised Businesses") specializing in the preparation, merchandising, advertising and the sale of hand-twisted, gourmet, soft pretzels flavored toppings, hand squeezed lemonade, and other beverages, under the service mark "The Pretzel Twister" and logo, in association with the distinctive designs, features and standards of the Pretzel Twister system. The businesses are operated either in shopping malls or food trucks

The total investment necessary to begin operation of a traditional shopping mall Pretzel Twister franchise is from $121,700 to $220,000. This includes $25,000 that must be paid to the franchisor and its affiliates. The total investment necessary to begin operation of a food truck Twister franchise is between $317,800 and $338,800. This includes $25,000 that must be paid to the franchisor and its affiliates.

This disclosure document summarizes certain provision 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in a different format, contact Catherine Hung at the number or web address listed above.

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, N.W. 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.

The date of issuance of this Franchise Disclosure Document is May 11, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C
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 Pretzel Twister business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Pretzel Twister franchisee?	Item 20 or Exhibit C 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 North Carolina, 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 North Carolina than in your own state.

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

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

To simplify the language in this Disclosure Document, "We" or "Pretzel Twister" means Mr. Twister Pretzels, Inc., the Franchisor, a Florida corporation, with its principal place of business at 3705 Mason Road, New Hill, North Carolina, 27562. "You" means the person(s) who buys the franchise. The Franchisor was incorporated on February 17, 1992. The Pretzel Twister concept was first franchised by our subsidiary, The Pretzel Twister, Inc., a wholly-owned subsidiary that we set up in 1993 to act as franchisor, and to separate the franchise activities from our company store operation. That company is referred to in this Disclosure Document as our Predecessor. In 1998, our Predecessor assigned the franchise agreements to us, at the time that we merged with our Predecessor. We have no affiliates or Parent company. Our Predecessor began offering franchises in March, 1993, and we started offering franchises in 1998. Our Predecessor ceased to exist after the merger in 1998. Effective August 1, 2004, all of the outstanding shares of the capital stock of Pretzel Twister were sold to Bobby Wang, a long time Pretzel Twister franchisee. As a result of that sale, our corporate headquarters was moved from Naples, Florida to Cary, North Carolina. The company has also changed its fiscal year from September 30th to December 31st of each year.

We were previously engaged in a business of the general type being offered by us to our franchisees, at "The Pretzel Twister" retail bakeries located in Naples, Florida. That business first opened in April, 1992, and it was sold to a franchisee in November, 1996. Neither we nor our Predecessor have previously engaged in the offer or sale of franchises in the same or any other line of business, other than the sale of Pretzel Twister franchises. Our Predecessor sold Pretzel Twister franchises from 1993 until 1998, at which time we became the franchisor and began selling Pretzel Twister franchises. Our Predecessor never operated a Pretzel Twister business.

We have developed a unique and distinctive format and system (the "System") relating to the establishment and operation of retail bakeries under the name "The Pretzel Twister," which specialize in hand-twisted, gourmet, soft pretzels, flavored toppings, and beverages. We offer and sell franchises for the establishment and operation of retail bakeries under the System. We are engaged in no other business activities other than the sale of franchises. We do business under the service mark "The Pretzel Twister" and logo, as well as our corporate name.

The Franchise Offered

We offer an individual, corporation, or partnership (the "Franchisee") a franchise agreement (the "Franchise Agreement") for the establishment and operation of a retail bakery under the name "The Pretzel Twister" (the "Franchised Business") at a single, specified location (the "Approved Location"). Each Franchised Business will specialize in hand-twisted, gourmet soft pretzels served with flavored toppings, hand-squeezed lemonade, and other beverages. Each Franchised Business will utilize our proprietary recipes and baking techniques under the service mark "THE PRETZEL TWISTER" and logo, and in association with the distinctive decor, features, and standards of the System.

The Franchised Businesses are characterized by distinctive decor, color scheme, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; training and assistance; and advertising and promotional assistance, all of which may be changed, improved, and further developed by us from time to time. The Franchised Business also will be operated in accordance with the standards, methods, policies, and procedures specified in our Confidential Operating Manuals (the "Manuals"), one set of which will be provided on loan to you for the duration of the Franchise Agreement. In addition, you will be provided with the right to use certain service marks, trade names, logos, emblems, and other indicia of origin, including, but not limited to, the mark "THE PRETZEL TWISTER" and logo, and such other trade names, service marks, and trademarks as are now designated (and as may later be designated by us in writing) for use in connection with the System (the "Proprietary Marks").

The Franchised Business ordinarily will be located in shopping mall units and airports. An Approved Location typically ranges in size from 160 - 500 square feet, 160 being for a kiosk type location and 500 for a more traditional mall location, which is our more common model. In 2022, we began offering Pretzel Twister franchises to be operated out of a food truck. The costs to operate out of a food truck are shown in Item 7 of this disclosure document.

The market for retail, soft pretzel bakeries is still developing. The business is competitive with respect to price, service, location, and quality, and is often affected by changes in consumer taste, economic conditions, population, and travel patterns. Franchisees will compete with other pretzel bakeries as well as other snack food vendors. We expect that the primary market for The Pretzel Twister bakeries will include consumers of all ages and income levels. In operating your Pretzel Twister franchise, you will be competing with convenience style restaurants and food stores of all types.

Government Regulations:

There are numerous government regulations affecting the operation of restaurants, such as labor laws and health codes, but none peculiar to our industry or type of facilities.

ITEM 2
BUSINESS EXPERIENCE

Bobby Wang
President and Chief Executive Officer, Chairman of the Board of Directors

Mr. Wang has been the President, CEO, and Chairman of the Board of Directors of Pretzel Twister since August 1, 2004, when he and his wife purchased all of the outstanding stock of the company from its founders. He has been a franchisee of Pretzel Twister since 1997, at one time owning and operating as many as eight franchised units. Since buying the stock of Pretzel Twister in 2004, he has sold his remaining two franchised units in North Carolina.

Peter Liu
Director and Vice President

Peter Liu became a Director and Vice President of Pretzel Twister in February, 2016 when he acquired an ownership interest in the company. He has been a Pretzel Twister franchisee since 1997.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Disclosure Document:

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

For each unit developed, you sign a Franchise Agreement, at which time you will be required to pay an initial franchise fee of Twenty-five Thousand ($25,000) Dollars. If you enter into additional Franchise Agreements with us for additional units, the Franchise Fee for those units will be one-half of the then-current initial franchise fee being charged by us for new franchises. The initial franchise fee described above is uniform for all franchises being offered at this time, regardless of whether the franchise will be operated within a shopping mall or a food truck. The initial franchise fee is not refundable under any circumstances. You do not pay us or any affiliate of ours any other payments or fees for services or goods before your business opens.

In addition to our standard fixed location franchised businesses, there are occasionally opportunities for a franchisee located in a shopping mall to establish a second location within the mall in a portable cart, which would not bake pretzels, but would serve pretzels and other products prepared at the franchisee's fixed location site. If you desire to put a cart in the mall where your franchised business is located, that requires our approval and payment of an initial fee of Five Thousand ($5,000) dollars. That enterprise will be governed by your existing Franchise Agreement.

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	6% of gross sales (total sales receipts less sales tax)	Twice per month, on the fifth and the twentieth of each month	Paid on all receipts, except sales tax
Training & Set-Up	No charge for initial training, may be required for subsequent training	Upon billing if required	Hotel, meals & travel paid for by you
Site selection (3)	Our expenses	Upon Billing	Due if you require more than two on-site evaluations for proposed sites. This is not applicable for food truck franchises
Advertising	Require you to spend 2% of gross sales on advertising, which includes both local advertising and contributions to a national advertising fund	You spend directly in your local area the local advertising portion and pay to us the portion for the national advertising fund.	Payable to third party vendors
Late fees	$100 on any late payment, plus 18% interest	Due immediately upon failure to pay on time	Payable to us.
Audit	Cost of audit	Upon billing	Due if audit shows an underpayment of 5% or more
Assignment/ Transfer Fee	$8,750	Prior to transfer	Due if you sell
Renewal Fee	The greater of $2,500 or the amount then being charged by Franchisor	Prior to renewal	Two additional fve year terms
Securities Offering Fee	$5,000	Prior to offering	Used to defray our review costs

(1) The fees described above are not refundable under any circumstances.
(2) Except for money you spend for local advertising, all of the fees described above are imposed and collected by us, and are payable to us.
(3) During our most recent fiscal year, we were not paid any site selection fees

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SHOPPING MALL FRANCHISE

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	$25,000	Lump Sum	Execution of Agreement	Franchisor
Equipment (Note 2)	$36,000 to $45,000	Lump Sum	As Incurred	Suppliers
Leasehold Improvements and Construction Costs (Note 3)	$39,700 to $100,000	Lump Sum	As Incurred	Suppliers
Opening Inventory and Start up Supplies (Note 4)	$7,500 to $15,000	Lump Sum	As Incurred	Suppliers
Lease of Building, Deposit (Note 5)	$2,000 to $7,000 Per Lease	Periodic	As Incurred	Landlord
Opening Advertising (Note 6)	$500 to $2,500	Per Contract	Per Contract	Seller
Initial Training (Note 7)	$500 to $2,000	As Arranged	As Arranged	Suppliers, Employees
Signage (Note 8)	$5,000 to $8,000	As Arranged	As Incurred	Suppliers
Insurance (Note 9)	$1,000 to $1,500	As Arranged	As Incurred	Insurance Company
Professional Fees	$500 to $2,500	As Arranged	As Incurred	Attorney, Accountant
Additional Funds for three month initial phase (Note 10)	$4,000 to $11,500	As Incurred	Spent in first 3 Months	Employees, Suppliers, Etc.
TOTAL:	$121,700 to $220,000			

None of these fees are refundable under any circumstances.

YOUR ESTIMATED INITIAL INVESTMENT FOR A FOOD TRUCK FRANCHISE

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	$25,000	Lump Sum	Execution of Agreement	Franchisor
Equipment and outfitting truck (Note 2)	$189,800	Lump Sum	As Incurred	Suppliers
Vehicle (Note 2)	$89,000	Lump sum	Upon purchase	Third party supplier

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Leasehold Improvements and Construction Costs (Note 3)	$0	Not applicable	Not applicable	Not applicable
Opening Inventory and Start up Supplies (Note 4)	$7,500 to $15,000	Lump Sum	As Incurred	Suppliers
Opening Advertising (Note 6)	$500 to $2,500	Per Contract	Per Contract	Seller
Initial Training (Note 7)	$500 to $2,000	As Arranged	As Arranged	Suppliers, Employees
Signage (Note 8)	$0	Not applicable	Included in Equipment	Suppliers
Insurance (Note 9)	$1,000 to $1,500	As Arranged	As Incurred	Insurance Company
Professional Fees	$500 to $2,500	As Arranged	As Incurred	Attorney, Accountant
Additional Funds for three month initial phase (Note 10)	$4,000 to $11,500	As Incurred	Spent in first 3 Months	Employees, Suppliers, Etc.
TOTAL:	$317,800 to $338,800			

Notes to Table:

The following notes are intended to be read in conjunction with the chart on the preceding pages. You should note that the figures provided in the chart are only estimates, and we cannot guarantee that you will not incur additional costs in connection with starting the Franchised Business. The actual costs that you incur may vary considerably, and will depend, for example, on factors such as: the degree to which you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for the services of the franchise; the prevailing wage rate; competition; and the sales level achieved during the initial period of operation.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should also take into consideration the cash outlays and probable losses that may be incurred while you are trying to get established. Extensive start-up costs may be involved, depending upon the individual circumstances of each franchise.

The estimated costs described in this Item 7 are not refundable except to the extent otherwise agreed upon by you and your landlords, vendors, suppliers, and contractors.

As described in Item 10, we do not offer any financing to franchisees in connection with their investment. Furthermore, the availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.

(1) The initial franchise fee and its method of payment are discussed in Item 5 above.

(2) In connection with operating the Franchised Business, you must purchase certain items of equipment, including an oven, mixer, refrigerator, and utensils which conform to our standards and specifications. For a food truck franchise, you will also have to outfit your vehicle and acquire a vehicle that meets our specifications

(3) For a shopping mall location, you will need to install wiring to specifications, flooring, and decor items which comply with our specifications. The cost will vary depending on the condition of the Premises.

(4) We estimate that the range provided will be sufficient to cover initial supplies of products for an initial phase of three months.

(5) For a shopping mall location, you will need approximately 500 square feet for the franchised unit, or about 160 square feet if you operate out of a kiosk location. The cost per square foot of purchasing or leasing commercial space varies considerably depending upon the location and market conditions affecting commercial property. We estimate the cost of leasing commercial space per square foot in the types of locations contemplated will range from $20 to $95. This figure does not include the cost of security deposits of one or two months rent which may be required by the Lessor.

(6) In connection with the operation of the Franchised Business, you will be required to conduct pre-opening advertising. The cost will vary with the nature and frequency of the advertising.

(7) The training costs are for travel, lodging, meals and incidental expenses for the individuals going through our initial training program. There is no tuition for the training of the initial two people trained.

(8) The cost of signage will vary based on build-out requirements, the requirements set out under any lease for the Premises, and the size of the signage employed. For a food truck franchise, the signage costs are included in the costs to outfit your food truck.

(9) The estimate provided is for the first three months' insurance premiums. Premiums will vary, depending upon the location of the business and other risk factors considered by insurance underwriters.

(10) The requirement for additional funds varies. The figure stated in the chart is the minimum amount of working capital that we recommend for an initial phase of approximately three months. You may be required to provide deposits or installation charges related to utility services to the franchised business such as electrical, gas, water, sanitation and telephone service.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Pretzels offered and sold by the Franchised Business are manufactured in accordance with secret recipes and are proprietary products of ours. In order to maintain high standards of quality and uniformity associated with the pretzels sold by the Franchised Business and to protect our rights in and to our proprietary products, you must purchase flour mix and an oven adapter only from supplier(s) designated by us from time to time. There is currently one company designated by us to supply the flour mix, and another company designated to manufacture the oven adapter. These companies are not affiliated with us, and we do not derive revenue as a result of purchases by franchisees. We do not receive any rebates from any of these suppliers. We have negotiated favorable prices with both vendors and we believe that you receive a discounted price from each. You do not receive any other material benefit from your use of these designated sources. We estimate that the purchase of the products designated above accounts for less than one percent (1%) of the cost to establish a Franchised Business and approximately five percent (5%) of the total operating expenses after opening. We estimate that the purchase of the equipment and products needed to sell fruitshakes or a substitute drink will account for three percent (3%) of the cost to establish a Franchised Business and approximately five percent (5%) of the total operating expenses after opening. There are no approved suppliers in which any of our officers owns an interest.

Except as described in the paragraphs above, you are not required to purchase or lease any goods or services from us or from suppliers designated by us. We receive a rebate from two food and drink vendors, based on the purchase of their products by our franchisees. In the year ending December 31, 2022 we derived revenues in the amount of $56,589 in rebates from these two vendors, plus another $23,892 in direct product sales, for a total of $80,481, which represents 14% of our total revenues of $567,303 for that year. These kinds of items would typically constitute less than 1% of your opening purchases and the same percentage of your ongoing expenses.

For a food truck operation, you will purchase or lease a food truck that meets out specifications and will then outfit the vehicle with the required equipment and signage. Both the vehicle and the equipment and signage are purchased from unaffiliated third parties. We anticipate that most franchisees will purchase a used vehicle and may be able to purchase a used food truck model then retrofit it to serve the Pretzel Twister business.

The approval for new suppliers may be obtained by submitting the name and address to Bobby Wang, our President. The approval for different types of products, other than those we have previously approved, may be obtained by submitting samples of said products to Mr. Wang for his inspection and approval. Such approval is conditioned on the products' quality, taste, and acceptability. We estimate the time involved in getting a new supplier reviewed is approximately thirty days.

Our standards and specifications for items such as equipment and supplies are formulated based on our historical experience in the business. We typically specify only one or two options, choosing what we consider to be the highest quality available rather than the least expensive. We keep up with the markets and change specification when we feel that new products offer

higher quality. Although the approved items are made known to the franchisees, the actual standards and specifications are not distributed to the franchisees. We periodically review these approved suppliers and ask that you check with us first before purchasing products from someone not yet approved, and then give us a reasonable time to respond. We do not charge you for reviewing an alternative supplier or item that you may suggest.

There is presently no purchasing or distributing cooperative associated with the franchised system.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition of lease	Item 1 of the Franchise Agreement	Items 7 and 11
b. Pre-opening purchases and leases	Items 5 and 7 of the Franchise Agreement	Items 6, 7 & 10
c. Site development and other pre-opening requirements	Item 5 of the Franchise Agreement	Items 6, 7 & 11
d. Initial and ongoing training	Item 6 of the Franchise Agreement	Item 11
e. Opening	Item 5 of the Franchise Agreement	Item 11
f. Fees	Item 4 of the Franchise Agreement	Items 5, 6 & 7
g. Compliance with standards & policies /Operating Manual	Items 5 and 7 of the Franchise Agreement	Item 11
h. Trademarks and proprietary information	Items 8 and 10 of Franchise Agreement	Items 13 & 14
i. Restrictions on products/services offered	Items 7 and 9 of Franchise Agreement	Item 8 & 16
j. Warranty and customer service requirements	None	
k. Territorial development and sales quotas	None	Item 12
l. Ongoing product/ service purchases	Item 7 of the Franchise Agreement	Item 8 & 16
m. Maintenance, appearance and remodeling requirements	Item 7 of the Franchise Agreement	None
n. Insurance	Item 13 of the Franchise Agreement	Item 7
o. Advertising	Item 12 of the Franchise Agreement	Items 1 and 11
p. Indemnification	Item 20 of the Franchise Agreement	Item 13
q. Owner's participation/ management staffing	Item 7 of the Franchise Agreement	Item 15

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
r. Records/reports	Item 11 of the Franchise Agreement	Item 6 & 11
s. Inspections/ audits	Item 11 of the Franchise Agreement	Item 6
t. Transfer	Item 14 of the Franchise Agreement	Item 17
u. Renewal	Item 2 of the Franchise Agreement	Item 17
v. Post-termination obligations	Item 16 of the Franchise Agreement	Item 17
w. Non-competition covenants	Item 17 of the Franchise Agreement	Item 17
x. Dispute resolution	Item 25 of the Franchise Agreement	Item 17

ITEM 10
FINANCING

We do not provide any financing to you in connection with the development of your franchised business. We do not guaranty your lease, promissory notes or other obligations.

In the past, we have never assigned or discounted to a third party, in whole or in part, any note, contract or other instrument executed by a franchisee. As we do not provide any such financing, there are no waivers of legal defenses or other provisions in any financing instruments that we would be presenting to you.

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

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

A. Pre-Opening Obligations:

As provided in Section 3 of the Franchise Agreement, the obligations to be met by us after the execution of the Franchise Agreement and prior to the opening of the franchised business are as follows:

(1) We will make available, at no charge to you, standard plans and specifications for a prototypical Franchised Business, including exterior and interior design and layout, fixtures, furnishings, and signs. We identify the items of equipment and furnishings you will need, with specifications, but we do not specify the sources, nor do we deliver or install any of these items for you. We perform this service tailored to your situation as either a shopping mall or food truck franchisee (Franchise Agreement § 3.1)

(2) Prior to the date of opening the Franchised Business, we will provide an initial training program, as described in this Item 11 under the subheading "Training." In

addition, we will provide such ongoing training, as we may, from time to time, deem appropriate. As detailed in the discussion which follows under the subheading "Training," we will be responsible for the cost of instruction and materials for such training. (Franchise Agreement § 3.2)

(3) We will provide such on-site pre-opening and opening supervision and assistance as we deem advisable. (Franchise Agreement § 3.3)

(4) We will provide to you, on loan, one copy of our Confidential Operating Manual. (Franchise Agreement § 3.5)

B. Post-Opening Services. As provided in Section 3 of the Franchise Agreement, our obligations to be met after the opening of the franchised business are as follows:

(1) We will make available to you advertising and promotional materials. (Franchise Agreement § 3.4)

(2) We will provide to you, from time to time as we deem appropriate, advice and written materials concerning techniques of managing and operating the Franchised Business, including, but not limited to, required and suggested inventory and sales methods, new developments and improvements in the Franchised Business layout and design, and new developments in products and marketing techniques. (Franchise Agreement § 3.6)

(3) We will conduct, as we deem advisable, inspections of your operation of the Franchised Business. (Franchise Agreement § 3.7)

(4) We will maintain and administer the Advertising Fund as provided in the Franchise Agreement. (Franchise Agreement § 12.4)

C. Advertising:

We require you to spend at least 2% of your gross monthly sales on advertising, to be divided between contributions to our national Advertising fund and your local advertising, which you spend on your own. We presently require you to contribute 1/2 of 1% (.05%) of your monthly gross sales to the national Advertising fund. The balance is your local advertising requirement. We will have sole discretion over the concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout, and content of all national, regional, and local advertising paid out of the Advertising Fund. We do not have the power to make you join an advertising cooperative, or to form, change, dissolve or merge advertising cooperatives.

(1) Advertising Fund. The Advertising Fund will be administered by us as follows:

(a) We will direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof.

(b) The Advertising Fund, all contributions thereto, and any earnings thereon, will be used to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including, among other things, the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Franchised Businesses operated under the System. The Advertising Fund may also be used to pay for our annual systemwide convention, to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System. While we do not have any company owned units at this time, if we should open a company unit, we would expect to contribute to the Advertising Fund on the same basis that our franchisees contribute. We do not guaranty that you will necessarily receive advertising for your location in proportion to the advertising fees that you pay to us. In 2022, 48% of the ad fund was spent on Website and social media support, 16% was spent on posters design, and 36% was spent on a redesign of the website. No portion of the fund was spent on the solicitation of franchisees.

(c) You must contribute to the Advertising Fund by checks made payable to the Advertising Fund. All sums you pay to the Advertising Fund will be maintained in an account separate from the other monies of ours and will not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Advertising Fund and advertising programs for franchisees and the System. The Advertising Fund and its earnings will not otherwise inure to our benefit. We will maintain separate bookkeeping accounts for the Advertising Fund. The advertising fund is not audited. No portion of the advertising funds are used for the solicitation of franchisees.

(d) The Advertising Fund is not and will not be an asset of ours. A statement of the operations of the Advertising Fund will be prepared annually and will be made available to you. You can get an accounting of the Advertising fund at any time by making a written request to us. Any amount accumulated in the Fund and not spent in one year will remain in the fund and will be available for the following year.

(e) Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund will not be terminated, however, until all monies in the Advertising Fund have been expended for advertising and/or promotional purposes.

(2) All local advertising and promotion by you must be in such media and of such type and format as we may approve; must be conducted in a dignified manner; and, must conform to such standards and requirements as we. You may not use any advertising or promotional plans or materials unless and until you have received written approval from us.

(3) We will make available to you from time to time, at your expense, advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials.

(4) The required advertising contributions and expenditures are minimum requirements only, and you may, and are encouraged by us to, expend additional funds for local advertising and promotion.

D. Computer Purchases. There are no mandatory computer hardware or software purchase requirements. The business can be operated on a manual basis, although computerized alternatives are available at any retail computer store. If you purchase a computer, we recommend a PC with common, off the shelf accounting software.

E. Operations Manual. The Table of Contents of our Operations Manual is as follows:

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F. Site Location.

Regardless of whether you are going to operate out of a shopping mall or a food truck, we estimate the time from the date of execution of the Franchise Agreement to the commencement of operation will be approximately six-to-twelve months. This time may vary depending on the time necessary to obtain the site for a mall location or a suitable food truck for that kind of franchise, the availability of financing, your ability to obtain financing, and the time required to obtain the necessary permits and licenses for the construction and operation of the Franchised Business. In connection with a food truck operation, you will be responsible to obtain all required permits and also meeting all of the local city or county rules and regulations dealing with food trucks, in all areas that you may serve. You must commence operation of the Franchised Business within twelve months after the execution of the Franchise Agreement. If you fail to open within 12 months, we can terminate your agreement, with no refund of your initial fees.

With regard to shopping mall franchises, it is our practice to not sign a Franchise Agreement until a site has been agreed upon, so any discussions with you concerning potential sites will take place prior to your signing a franchise agreement. Our sites are typically in shopping malls, and occasionally in some other kind of shopping center. We look at the demographics of the surrounding area, sales of competitors in the mall, and sales per square foot in the mall. That review and approval process typically will take about thirty days.

G. Training Programs.

Prior to opening the Franchised Business, you (or, if the Franchisee is a corporation or partnership, a principal of the Franchisee acceptable to us), and/or your manager (if you or your principal will not manage the Franchised Business), must attend and complete to our satisfaction, the initial training program for franchisees and managers offered by us. At our option, any people subsequently employed by you in the position of manager must also attend and complete our training program for managers, to our satisfaction. You and your manager and other employees must also attend such additional courses, seminars, and other training programs as we may reasonably require from time to time. We do not charge for the initial training of both you and a manager, but you are responsible for your own travel and living expenses while undergoing training. We reserve the right to charge for any subsequent training, although we have never done so, and have no set fee for such training.

The initial training program will be performed by Bobby Wang, our President since 2004 and a franchisee prior to that, dating back to 1997. The training materials consist of our Operations Manual. The initial training currently takes place at our principal office and at a franchised retail bakery, both in or near Cary, North Carolina; will run for three days; and will cover such topics as management, bookkeeping, operations, and baking, as set out below:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Introduction, Overview	1	0	New Hill, NC
Equipment review	0	2	New Hill, NC
Equipment purchases and supplies maintenance	0	2	New Hill, NC
Accounting and Organizing Paperwork	4	0	New Hill, NC
Management training	3	0	New Hill, NC
Operations Manual and Questions	2	0	New Hill, NC
Opening and closing Procedures	0	3.5	New Hill, NC
Ordering and Inventory Control	1	1	New Hill, NC
Marketing and advertising	1	0	New Hill, NC
On the job training	0	10	New Hill, NC

ITEM 12
TERRITORY

The traditional model of our franchised businesses are either in a shopping mall, a shopping center, or within a large store, such as a Wal-Mart. The exclusive territory we give is the mall, shopping center, or store itself. During the term of the Franchise Agreement, we will not establish, nor license any other person to establish, a Franchised Business within that shopping mall/center/store (the "Exclusive Territory"). We retain the rights, among others: (a) to establish, and franchise others to establish, Franchised Businesses in any location outside the Exclusive Territory, regardless of proximity to the Approved Location; (b) to sell and distribute, and license others to sell and distribute, food products under "The Pretzel Twister" name (or under any other name), directly or indirectly, through supermarkets, delicatessens, specialty food stores, convenience stores, and other wholesale and retail food stores at any location, regardless of proximity to the Approved Location. If any such sales are made in your territory, you will not be compensated. Although we have not done so, we and any affiliates of ours may sell products under the Pretzel Twister trademarks and otherwise both within your Territory and outside of it through other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales. You may not use alternative distribution channels to sell Pretzel Twister products and will not receive compensation if we or any affiliate of ours makes any such sales within your Territory, nor would you be involved in fulfilling the orders. We will approve a relocation of your unit if required by your landlord, or if your lease expires, as long as the new location meets our standards.

For our franchisees who will operate out of a food truck, we give a non-exclusive, protected territory within which to operate. Provided that you are in compliance with all of your

obligations under your franchise agreement, we will not grant to any other franchisees the right to operate within your territory, with the exception that if there is a customer or event in your territory and in our reasonable judgment you will not be able to serve that customer or event with your food truck, we reserve the right to ask another franchisee to do so, or to do so ourselves. For that reason, with respect to food truck franchisees, 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.

We have not established, nor do we presently intend to establish other franchises or company-owned outlets selling or leasing similar products or services under a different trade name or trademark, but we reserve the right to do so.

The continuation of your territorial exclusivity under the Franchise Agreement is not dependent upon achievement of a certain sales volume, market penetration, or other contingency. We do not grant to you any options or rights of first refusal to acquire additional franchises, but if you are in compliance with your agreement and want to purchase an additional franchise, we reduce the initial franchise fee for that unit by one-half.

ITEM 13
TRADEMARKS

You are licensed by the Franchise Agreement to use the Proprietary Marks, however, under the terms of the Franchise Agreement, you may not use the Proprietary Marks as part of your corporate or other legal name.

We have obtained registration of the trade name and trademark described below:

MARK	REGISTRATION NUMBER	DATE OF REGISTRATION
The Pretzel Twister and Logo	1,869,821	December 27, 1994
The Pretzel Twister and Logo	5,549,075	August 28, 2018

There are no currently effective determinations of the Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of any state, or any court, pending infringement, opposition or cancellation; and pending material litigation involving the principal trademarks. All required affidavits and renewal forms have been filed on a timely basis.

There are no agreements currently in effect which significantly limit our rights to use or license the use of such trademarks, service marks, trade names, logotypes, or other commercial symbols which are in any manner material to the franchise.

There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights granted to you to use the Proprietary Marks or to protect you against claims of infringement or unfair competition with respect to them, however, pursuant to the Franchise

Agreement, we represent that we have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in and of the Proprietary Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any right in, or to, any patents, patent applications, or registered copyrights that are material to the franchise. Although not registered with the United States Copyright Office, we claim copyrights in the Manual.

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

The Franchised Business must at all times be under the direct, on-Premises supervision of a qualified manager. The on premises supervisor must have successfully completed our training program. You must maintain a competent, conscientious, trained staff, including a fully-trained manager. We ask that you have the managers sign non-disclosure agreements, and we will provide you with a sample agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only such products and services and all of such products as conform to our standards and specifications. We have the right, in our discretion, to change the types of authorized goods and services that you must offer, and we are not limited in our ability to make those changes.

You will only be permitted to sell from the Approved Location of the Franchised Business, whether in a shopping mall or food truck, face-to-face, to retail customers. The Approved Location for the Franchised Business will be specified in the Franchise Agreement. The Franchised Business may not be relocated without our prior written approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISIONS	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2	Initial term is 5 years

PROVISIONS	SECTION IN FRANCHISE AGREEMENT	SUMMARY
b. Renewal or extension of the term	Section 2	If you are in good standing, you can renew for up to two additional five year terms
c. Requirements for you to renew or extend	Section 2	Give written notice, sign new Agreement, renovate the store, sign a general release, satisfy all monetary requirements and pay renewal fee. The new agreement that you sign may have materially different terms, including higher royalties and other fees, than your current agreement, but the terms will not be different than those offered to other franchisees renewing at the same time. SEE ADDENDUM/EXHIBIT E
d. Termination by you	None	No express right
e. Termination by us without cause	None	Not permitted
f. Termination by us with cause	Section 15	We can terminate if you default
g. "Cause" defined-defaults which can be cured	Section 15	Curable defaults: breach of any part of Franchise Agreement, failure to pay when due, failure to obtain consent, loss of the lease, failure to remain open, misrepresentation in sales process, mishandling of proprietary marks
h. "Cause" defined-noncurable defaults	Section 15	Failure to open on time, failure to finish training, abandonment of business, conviction of felony, assignment without consent, violation of non-compete or non-disclosure requirements, falsification of books, repeated defaults, default under any other agreement with us, bankruptcy. SEE ADDENDUM/EXHIBIT E
i. Your obligations on termination/non-renewal	Section 16	Obligations include completed identification and payment of amounts due
j. Assignment of contract by us	Section 14	We may assign our rights
k. Assignment/ Transfer by you	Section 14	Only with our prior approval
l. Our approval of assignment/ transfer by you	Section 14	We have the right to approve all assignments
m. Conditions for our approval of assignment/transfer	Section 14	New franchisee qualifies, transfer fee paid, training arranged, release signed by you, all fees owed by you paid, and current agreement signed by new franchisee. SEE ADDENDUM/EXHIBIT E
n. Our right of first refusal to acquire your business	Section 14	Right of first refusal is reserved by us

PROVISIONS	SECTION IN FRANCHISE AGREEMENT	SUMMARY
o. Our option to purchase your business	Section 16	Upon termination, take possession and buy at fair market value or your cost
p. Your death or disability	Section 14	Your estate or beneficiaries can inherit your rights or assign your franchise with our consent, as described above
q. Non-Competition covenants during the term of the franchise	Section 17	No involvement in competing business
r. Non-Competition covenants after the franchise is terminated or expires	Section 17	No competing business for 2 years from the franchised location or within six miles of that or any other approved Pretzel Twister location
s. Modification of the agreement	Section 23	No modifications generally unless agreed to in writing by both parties
t. Integration/ merger clause	Section 23	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise or other Agreement waives any representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation		All claims arising from the Franchise Agreement are subject to mandatory arbitration
v. Choice of forum	Section 25	All arbitration actions must be brought in County of our principal place of business. No provision on forum of litigation. SUBJECT TO APPLICABLE STATE LAW
w. Choice of law	Section 25	North Carolina law governs. SUBJECT TO APPLICABLE STATE LAW

ITEM 18
PUBLIC FIGURES

There is no compensation or other benefit given or promised to any public figure which arises, in whole or in part, from the use of a public figure in the name or symbol of the Franchised Business or from the endorsement or recommendation of the Franchised Business by a public figure in advertisements.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC 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 our President, Bobby Wang, at 3705 Mason Road, New Hill North Carolina 27562, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary

For years 2020 through 2022

Column 1 **Outlet Type**	**Column 2** **Year**	**Column 3** **Outlets and the Start of the Year**	**Column 4** **Outlets at the End of the Year**	**Column 5** **Net Change**
Franchised	2020	33	28	-5
	2021	28	26	-2
	2022	26	24	-2
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	33	28	-5
	2021	28	26	-2
	2022	26	24	-2

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)

For Years 2020 through 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Florida	2020	0
	2021	0
	2022	1
Kentucky	2020	0
	2021	1
	2022	0
Maryland	2020	1
	2021	0
	2022	0
North Carolina	2020	0
	2021	0
	2022	1
Totals	2020	1
	2021	1
	2022	2

Table No. 3

Status of Franchised Outlets

For Years 2020 through 2022

Column1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of Year
Alabama	2020	1	0	0	0	0	0	1

Column1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of Year
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	8	0	0	0	0	2	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	1	5
Georgia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Massachusetts	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
Mississippi	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

Column1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of Year
	2022	2	0	0	0	0	0	2
North Carolina	2020	7	0	0	0	0	3	1
	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Virginia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	33	0	0	0	0	5	28
	2021	28	0	0	0	0	2	26
	2022	26	0	0	0	0	2	24

Table No. 4

Status of Company-Owned Outlets

For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets sold to Franchisees	Column 8 Outlets at End of Year
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table 5

Projected Openings for the year starting January 1, 2023

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
North Carolina	0	1	0
Virginia	0	1	0
Total	0	2	0

A list of the names, addresses and telephone numbers of the above-mentioned franchises is attached to this Disclosure Document as Exhibit "C".

Exhibit C also lists the name, city and state, and the 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 our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed any confidentiality clauses with any current or former franchisees which would in any way restrict their ability to speak with you openly about their experience with Pretzel Twister.

There are no trademark specific franchisee organizations associated with the franchise system, nor are there any independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are our audited financial statements for the periods ending December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year ends on December 31. Also included in Exhibit A are our interim unaudited financial statements as of April 30, 2023. With respect to the April 30, 2023 financial statements, THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22
CONTRACTS

The contracts appended as exhibits to this Disclosure Document are the only contracts which the Franchisor will enter into with any Franchisee are;(1) the Franchise Agreement (Exhibit B), and (2) Compliance Questionnaire (Exhibit D).

ITEM 23
RECEIPTS

A receipt for this Franchise Disclosure Document is attached at the end of this document. You must remove one copy, sign it and return it to us.

EXHIBIT A

TO MR. TWISTER PRETZELS, INC.
DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

With respect to the April 30, 2023 financial statements, THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

MISTER TWISTER PRETZELS INC
Balance Sheet
April 30, 2023

ASSETS

Current Assets			
WELLS FARGO BANK	$ 104,567.54		
ACCTS REC	54,380.62		
COMMISSIONS RECEIVABLE	5,040.00		
Total Current Assets		$	163,988.16
Fixed Assets			
EQUIPMENT & FIXTURES	27,938.19		
BLDG IMPROVEMENTS	88,557.26		
ACCUM DEPRECIATION	(113,771.43)		
Total Fixed Assets			2,724.02
Total Assets		$	166,712.18

MISTER TWISTER PRETZELS INC
Balance Sheet
April 30, 2023

LIABILITIES AND EQUITY

Current Liabilities			
CAPITAL ONE CR CARD	$ 820.47		
Total Current Liabilities		$	820.47
Long Term Liabilities			
TAX LIABILITY	3,516.00		
Total Long Term Liabilities			3,516.00
Equity			
COMMON STOCK	2,335.00		
PAID IN CAPITAL	18,612.00		
CURRENT YR DISTRIBUTIONS	(100,000.00)		
RETAINED EARNINGS	115,789.19		
Current Income (Loss)	125,639.52		
Total Equity			162,375.71
Total Liabilities & Equity		$	166,712.18

MISTER TWISTER PRETZELS INC
Income Statement
For the Period Ended April 30, 2023

		4 Months Ended Apr. 30, 2023	Pct
Revenue			
SALES - ROYALTY FEES	$	143,564.44	90.45
MISC - OTHER INCOME		680.18	0.43
COMMISSION INCOME		14,448.00	9.10
INTEREST INCOME		32.67	0.02
Total Revenue		158,725.29	100.00
Cost of Sales			
Gross Profit		158,725.29	100.00
Operating Expenses			
OFFICER SALARIES		4,000.00	2.52
SALARIES - EMPLOYEES		12,066.68	7.60
HEALTH INS		4,659.24	2.94
PAYROLL TAXES		1,304.72	0.82
OTHER TAXES & LICENSES		100.00	0.06
OFFICE SUPPLIES & EXPENSES		511.82	0.32
SHIPPING & POSTAGE		1,144.11	0.72
TELEPHONE		311.70	0.20
BANK CHARGES		54.00	0.03
PROFESSIONAL FEES		5,617.50	3.54
STATE INCOME TAXES		3,316.00	2.09
Total Operating Expenses		33,085.77	20.84
Net Income (Loss)	$	125,639.52	79.16

Mister Twister Pretzels, Inc.

(and related variable interest entity)

Financial Statements and
Supplementary Information

December 31, 2022, 2021 and 2020

Geer and Associates
Certified Public Accountants

Mister Twister Pretzels, Inc

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Geer & Associates
Certified Public Accountants, P.C.

Independent Auditors' Report

Board of Directors
Mister Twister Pretzels, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Mister Twister Pretzels, Inc.(and related variable interest entity), which comprise the balance sheet as of December 31, 2022, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements as listed in the table of contents. We previously audited the financial statements for the year ending December 31, 2020 and 2021 and previously issued our opinion for those years. The financial statements for the years ending December 31, 2020 and 2021, have been provided for comparative purposes. This opinion does not renew our opinion for those years.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Mister Twister Pretzels, Inc.(and variable interest entity) as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We are not providing an updated opinion about the financial statements of Mister Twister Pretzel, Inc. for the years ending December 31, 2020 and 2021, in this report.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, as a whole.

Respectfully submitted,

Geer & Associates

Geer and Associates
May 11, 2023

Mister Twister Pretzels, Inc. (and variable interest entity)

Balance Sheet
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Assets			
Current Assets			
Cash	$ 118,679	$ 115,588	$ 46,377
Accounts receivable:			
Trade, net	54,381	53,077	40,778
Commissions receivable	5,040	2,856	3,000
Inventory	-	-	29,120
Total current assets	178,100	171,521	119,275
Property and equipment, net	2,724	614	1,125
Loan receivable, shareholders	-	-	-
Total assets	$ 180,824	$ 172,135	$ 120,400
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable	$ -	$ 16,280	$ -
Payroll taxes withheld and accrued	1,454	834	845
Accrued expenses	3,516	3,986	7,022
Total current liabilities	4,970	21,100	7,867
Long term debt	-	-	-
Total liabilities	4,970	21,100	7,867
Shareholders' Equity			
Common stock, $1 par value per share, 100,000 shares authorized, 2,335 shares issued and outstanding	2,335	2,335	2,335
Additional paid in capital	30,829	30,829	30,829
Retained earnings	142,690	117,871	79,369
Total shareholders' equity	175,854	151,035	112,533
Total liabilities and shareholders' equity	$ 180,824	$ 172,135	$ 120,400

See accompanying notes to basic financial statements.

Mister Twister Pretzels, Inc. (and variable interest entity)

Statement of Income and Retained Earnings

For the Years Ended December 31, 2022, 2021 and 2020

	2022	2020	2020
Operating Revenues			
Franchise royalties	$ 420,729	$ 417,539	$ 270,970
Franchise fees	13,750	13,250	3,000
Product sales	4,488	33,802	29,976
Advertising	70,725	41,067	75,726
Total operating revenues	509,692	505,658	379,672
Operating expense	136,097	185,235	241,124
Income from Operations	373,595	320,423	138,548
Other income (Expenses)			
Commission income	56,589	69,759	29,474
Miscellaneous income	1,022	(24)	3,883
Returns & allowances	-	-	-
Other income, net	57,611	69,735	33,357
Income before provision for state income taxes	431,206	390,158	171,905
Provision for State Income Taxes	6,387	1,656	4,705
Net income	424,819	388,502	167,200
Retained Earnings, Beginning	117,871	79,369	202,169
Additional retaining earnings-variable interest entity	-	-	-
Sharholder Distributions	(400,000)	(350,000)	(290,000)
Retained Earnings, Ending	$ 142,690	$ 117,871	$ 79,369

See accompanying note to basic financial statements

Mister Twister Pretzels, Inc. (and variable interest entity)

Statement of Cash Flows
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Cash Flows from Operating Activities			
Net income			
Adjustments to reconcile net income to net cash	$ 424,819	$ 388,502	$ 167,200
provided by operating activities			
Depreciation	357	512	2,783
Provision for doubtful accounts	-	-	-
Interest income, shareholders	-	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(1,304)	(12,299)	10,551
Commissions receivable	(2,184)	143	44,691
Inventory	-	29,120	36,696
Other current liabilities	(16,130)	13,233	(798)
Net cash provided by operating activities	405,558	419,211	261,123
Cash Flows used in Investing Activities			
Purchase of property and equipment	(2,467)	-	-
Cash flows from Financing Activities			
Distribution to shareholders	(400,000)	(350,000)	(290,000)
Additional paid in capital	-	-	-
Payments on long-term debt	-	-	-
Net cash used in financing activities	(400,000)	(350,000)	(290,000)
Net increase/(decrease) in cash	3,091	69,211	(28,877)
Cash, Beginning of Year	115,588	46,377	75,254
Cash, End of Year	$ 118,679	$ 115,588	$ 46,377
Supplemental Disclosure of Cash Flow Information			
Interest paid	$ -	$ -	$ -
State income taxes paid	$ 3,928	$ 4,705	$ 3,928
Non-Cash Investing and Financing Activities			
Reduction of loan receivable, shareholders	-	-	-
Interest income, shareholders	-	-	-
Shareholder distributions	$ 400,000	$ 350,000	$ 290,000

See accompanying notes to basic financial statements

1. Summary of Significant Accounting Policies

Nature of Operations

Mister Twister Pretzels, Inc. (the "Company") was organized under the laws of the State of Florida. The Company sells franchises for and receives revenue from retail soft pretzel baking stores. These stores operate primarily in enclosed malls, store fronts and strip centers. As of December 31, 2022, there were 27 franchise stores operating in 13 states. As of December 31, 2021, there were 27 franchise stores operating in 13 states. As of December 31, 2020, there were 28 franchise stores operating in 14 states.

Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through May 11, 2023, the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue, Costs and Expense Recognition

New Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board (FASB0 issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification Topic 606, or ASC 606), which supersedes nearly all existing revenue recognition guidance. The new standard requires revenue to be recognized when promised goods or services are transferred to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from cost incurred to obtain or fulfill a contract. The new standard allows for either full retrospective or modified method of transition. In accordance with the adoption ratably over the remaining term of each underlying franchise agreement.

In January 2021, the FASB made an amendment to Topic 606, or ASC 606, known as the Practical Expedient. According to the Practical Expedient, the franchisor that enters into a franchise agreement may account for the following pre-opening services as distinct from the franchise license. A franchisor that elects the Practical Expedient shall apply the guidance in ASC 606 to determine whether the pre-opening services are distinct from one another unless it makes an accounting policy election to account for the pre-opening services as a single obligation. Pre-opening assistance relevant to the Company are as follows:

a. Training of the franchisee's personnel or the franchisee.
b. Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
c. Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business.
d. Inspection, testing, and other quality control programs.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Company Revenue Recognition – The Company has implemented ASC 606 for the year ending December 31, 2022. The Company has chosen the Practical Expedient method of accounting for developer license fees and initial franchise fees. In the normal course of business, prospective franchisees will remit initial franchise fees to the Company concurrent with the execution of a new franchise agreement.

Pre-Opening Commitments. A portion of the developer license fees and initial franchise fees for pre-opening assistance shall be recognized in the year received. Pre-opening assistance has been determined to be a single obligation by the Company. The Company's pre-opening assistance commitment to franchisees typically occurs within 30 days, but no later than 6 months of receiving funds for developer license and/or initial franchise fees relating to franchise sales. There is no material financial commitment to franchisees beyond this time-period for pre-opening assistance, under ASC 606 amendment, Practical Expedient. The services or conditions include providing an operations manual, marketing materials, training and start-up support.

Post-Opening Commitments. Under ASC 606, the performance obligation related to the future arrangements for services shall be collectively deferred and recognized on a straight-line basis over the term of the underlying agreements as a component of initial franchise fees in the accompanying statements of operations. The Company's management has elected to defer 10% of the developer license fees and initial franchise fees over the term of the initial franchise term of ten years on a straight-line annual basis. For the year ending December 31, 2020, 2021 and 2022, the Company deferred $-0- of revenue over the remaining term of the franchise agreements.

Royalty Revenue. The Company also receives a royalty based upon a percentage of the franchisees' net sales. Royalties are recorded in the month earned.

Advertising Fund

The franchise stores are required to make contributions equal to 0.5% of net sales to a separate advertising entity owned by the stockholders. The Company also has the option to make a discretionary contribution to the advertising entity. The Company did make discretionary contributions in 2022 of $-0-, 2021 of $-0- and 2020 of $-0-.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Accounts Receivable

Accounts receivable are stated at outstanding balances. Management evaluates the need for an allowance for doubtful accounts based on past experience, aging of the receivables, adverse situations that may affect a franchisees' ability to pay, current economic conditions and other relevant factors. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts was $-0- at December 31, 2022, $-0- at December 31, 2021, and $-0- at December 31, 2020.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation. The cost of property and equipment is depreciated over the estimated useful lives of the assets using the straight-line method.

Advertising and Promotion Expense

Advertising and promotion expenses are charged to expense when incurred and were $16,285 in 2022, $28,305 in 2021, and $65,735 in 2020.

Income Taxes

For income tax purposes, the Company is a Subchapter S corporation for federal and certain states. As such, the Company does not pay federal and certain state corporate income taxes on its taxable income. Instead, the shareholders are liable for individual federal and certain state income taxes on the Company's taxable income. It is the Company's policy to generally distribute to its shareholders the amounts necessary to pay their individual income taxes. Other state income taxes are determined at the corporate level.

The Company's federal and state income tax returns are no longer subject to examination by federal or state taxing authorities for years before 2011.

Concentrations

For the year ended December 31, 2022, stores in North Carolina and Florida accounted for approximately 12.25% and 19.93% of franchise royalties. For the year ended December 31, 2021, stores in North Carolina and Florida accounted for approximately 20.17% and 14.39% of franchise royalties. For the year ended December 31, 2020, stores in North Carolina and Florida accounted for approximately 21% and 20% of franchise royalties.

In addition, approximately 22% of franchise royalties were from related parties in 2022,19% of franchise royalties were from related party franchises in 2021, 19% of franchise royalties were from related parties in 2020.

2. Loan Receivable, Shareholders

There are no outstanding loan receivables from Shareholders as of December 31, 2022, 2021 and 2020.

3. Property and Equipment, Net

Property and equipment consist of the following at December 31, 2022, 2021 and 2020:

	2022	2021	2020
Building improvements	$ 88,557	$ 88,557	$ 88,557
Equipment and fixtures	27,938	25,471	25,471
Total	116,495	114,028	114,028
Less accumulated depreciation	113,771	113,414	112,903
Net	$ 2,724	$ 614	$ 1,125

4. Long-Term Debt

The Company had no outstanding debt as of December 31, 2022, 2021 and 2020. All indebtedness is the personal obligation of sole shareholder.

5. Commitment and Contingencies

The Company may, from time to time, be involved in various claims arising in the ordinary course of business. In the opinion of management, there are currently no outstanding claims for which the outcome will have a material adverse effect on the Company's financial position or results of operations.

6. Related Party Transactions

The company is a small closely held corporation. The shareholders are able to take distributions, loans and incur other transactions that may materially affect the financial statements during the year.

The shareholders and their relatives own five franchises. The following are related party transactions and balances:

Accounts receivable, December 31, 2022	$ 12,671
Franchise royalties, year ended December 31, 2022	$ 93,894
Accounts receivable, December 31, 2021	$ 13,373
Franchise royalties, year ended December 31, 2021	$ 96,540
Accounts receivable, December 31, 2020	$ 11,628
Franchise royalties, year ended December 31, 2020	$ 61,220

6. Reportable Transactions

There were no reportable transactions occurring during the time period covered by these financial statements.

6. Variable Interest Entity

The Company is consolidated with Twister Advertising, Inc., an entity that provides advertising for the Company's franchisees as part of their franchise agreement. The Company and franchisees are the primary beneficiaries All inter-entity company balances and transactions are eliminated. Both Mister Twister Pretzel, Inc. and Twister Advertising, Inc. provide capital to each other as determined by the sole shareholder of Twister Advertising, Inc. There is no explicit arrangement to provide financial support to either entity. Both companies do not have the same shareholder composition.

Twister Advertising, Inc. is explicitly, financially and logistically dependent on Mister Twister Pretzel, Inc. The Companies provide capital and services to each other under the direction of the sole shareholder of Twister Advertising, Inc. There is no formal agreement between the two companies.

Twister Advertising, Inc. has the following financial information that is consolidated into these financial statements: Assets, $39,118; Equity, $18,623; Revenue, $58,232; and Expense, $35,570 for the year ending December 31, 2022

Twister Advertising, Inc. has the following financial information that is consolidated into these financial statements: Assets, $32,636; Equity, $16,356; Revenue, $39,383; and Expense, $28,090 for the year ending December 31, 2021

Twister Advertising, Inc. has the following financial information that is consolidated into these financial statements: Assets, $5,063; Equity, $5,063; Revenue, $26,969; and Expense, $65,648 for the year ending December 31, 2020

Mister Twister Pretzels, Inc. (and variable interest entity)

Schedule of Operating Expenses
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Operating Expenses			
Officer salaries	$ 17,500	$ 18,000	$ 15,500
Salaries- employees	31,200	31,200	27,440
Advertising and promotion expenses	16,285	28,305	65,735
Professional fees	22,425	22,604	21,388
Payroll taxes	3,512	3,877	3,323
Travel	-	-	-
Health Insurance	13,138	24,710	35,823
Vehicle expenses	501	6,386	6,163
Depreciation expense	357	512	2,783
Telephone	1,226	1,142	1,053
Meals and entertainment	800	-	-
Office supplies and expenses	919	2,263	3,052
Shipping and postage	5,472	10,775	8,673
Other taxes and licenses	-	1,050	1,158
Business insurance	500	2,420	2,217
Bank charges	136	851	463
Convention expense	-	-	4,849
Store supplies and expenses	22,126	31,140	41,504
Total operating expenses	$ 136,097	$ 185,235	$ 241,124

The information on this page has not been audited.

EXHIBIT B

TO MR. TWISTER PRETZELS, INC.
DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

THE PRETZEL TWISTER

FRANCHISE AGREEMENT

THE PRETZEL TWISTER
Franchise Agreement

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ATTACHMENT A - STATE LAW APPENDIX

ATTACHMENT B - GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement"), is made and entered into on this the _____ day of _____, 202__, by and between Mr. Twister Pretzels, Inc., a Florida corporation with its principal place of business at 3705 Mason Road, New Hill, North Carolina 27562 ("Franchisor"), and _____ ("Franchisee").

W I T N E S S E T H :

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed a distinctive system relating to the preparation and promotion of hand-twisted, gourmet soft pretzels and the establishment and operation of retail bakeries specializing in the sale of the pretzels, toppings, hand-squeezed lemonade, and other beverages (the "System");

WHEREAS, the distinguishing characteristics of the System include, without limitation, the sale of hand-twisted, gourmet soft pretzels, prepared in accordance with secret recipes, ingredients owned by Franchisor, and bakery equipment designed by Franchisor; distinctive design, decor, color scheme, fixtures, and furnishings, whether in a traditional mall or similar fixed location, or in a food truck; standards and specifications for products, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "The Pretzel Twister", as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the "Proprietary Marks");

WHEREAS, Franchisee desires to enter into the business of operating a retail bakery under the System and using the Proprietary Marks in connection therewith, and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with such standards and specifications;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. GRANT

1.1 Franchisor grants to Franchisee the right and Franchisee undertakes the obligation, upon the terms and conditions set forth in this Agreement:(a) to establish and operate a franchised business under the Proprietary Marks and System at the location specified in Section 1.2 below (in the case of a fixed location franchise) or in a food truck (the "Franchised Business"); and (b) to use the Proprietary Marks and the System solely in connection therewith.

1.2 For a fixed location franchised business, Franchisee shall operate the Franchised Business only at: _____(the “Approved Location"). Franchisee shall not relocate the Franchised Business without the prior written approval of Franchisor. If the business will be operated out of a food truck, check here:_____.

1.3 During the term of this Agreement, and except as otherwise provided herein, Franchisor shall not establish, nor license any other person to establish, a Franchised Business, if the Approved Location is in a shopping mall, within that mall. Franchisor retains the rights, among others:(a) to establish, and franchise others to establish, Franchised Businesses in any location outside the Protected Territory, regardless of proximity to the Approved Location; (b) acquire and operate a business of any kind at any location, regardless of proximity to the Approved Location; and (c) to sell and distribute, and license others to sell and distribute, food products under "The Pretzel Twister" name (or under any other name), directly or indirectly, through supermarkets, delicatessens, specialty food stores, convenience stores, and other wholesale and retail food stores at any location, regardless of proximity to the Approved Location.

1.4 For our franchisees who will operate out of a food truck, Franchisor gives a non-exclusive, protected territory within which to operate. Provided that Franchisee is in compliance with all of its obligations under its franchise agreement, Franchisor will not grant to any other franchisees the right to operate within the territory, with the exception that if there is a customer or event in Franchisee’s territory and in Franchisor’s reasonable judgment Franchisee will not be able to serve that customer or event with your food truck, Franchisor reserves the right to ask another franchisee to do so, or to do so itself.

1.5 Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different products or services as specified by Franchisor.

2. TERM AND RENEWAL

2.1 This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be ten (10) years from the date first above written.

2.2 Franchisee may, subject to the following conditions, renew this Agreement for two (2) additional consecutive terms of five (5) years each. The Franchisor may require one or more of the following as a condition to be met prior to each renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than three (3) months nor more than six (6) months prior to the end of the then-current term;

2.2.2 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the premises of the Franchised Business (the "Premises") or the food truck, as applicable, as Franchisor may reasonably require, including, without limitation, installation of new equipment and renovation of signs, furnishings, fixtures, and decor to reflect the then-current standards and image of the System;

2.2.3 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor and its affiliates; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 Franchisee shall, at Franchisor's option, execute Franchisor's then-current form of franchise agreement but only for such renewal terms as are provided by this Agreement, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher percentage royalty fee and advertising contribution, except that Franchisee shall not be required to pay any initial franchise fee nor any renewal fee;

2.2.6 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, agents, and employees; and

2.2.7 Franchisee shall comply with Franchisor's then-current qualification and training requirements.

2.2.8 Franchisee furnishes Franchisor with a then current copy of the lease for the Franchise Location in cases of a fixed location franchise; and

2.2.9 Franchisee pays a renewal fee equal to the greater of Two Thousand Five Hundred ($2,500) Dollars or the then current renewal fee being charged by Franchisor.

3. DUTIES OF FRANCHISOR

3.1 Regardless of whether Franchisee will be developing and operating a fixed location franchise or a food truck operation, Franchisor shall make available, at no charge to Franchisee, standard plans and specifications for a prototypical Franchised Business, including exterior and interior design and layout, fixtures, furnishings, and signs.

3.2 Franchisor shall provide training as set forth in Section 6 of this Agreement.

3.3 Franchisor shall provide such on-site pre-opening and opening supervision and assistance as Franchisor deems advisable.

3.4 Franchisor shall make available to Franchisee advertising and promotional materials as provided in Section 12.4 hereof.

3.5 Franchisor shall provide Franchisee, on loan, one copy of Franchisor's Confidential Operating Manual (the "Manual"), as more fully described in Section 9 hereof.

3.6 Franchisor shall provide to Franchisee from time to time, as Franchisor deems appropriate, advice and written materials concerning techniques of managing and operating the Franchised Business, including, but not limited to, required and suggested inventory and sales methods, new developments and improvements in Franchised Business layout and design, and new developments in products and marketing techniques.

3.7 Franchisor shall conduct, as it deems advisable, inspections of Franchisee's operation of the Franchised Business. With respect to food truck operations, Franchisee shall inform Franchisor of the location of the food truck at all times.

4. FEES

4.1 In consideration of the franchise granted herein, Franchisee shall pay to Franchisor an initial franchise fee of Twenty-Five Thousand Dollars ($25,000) upon execution of this Agreement, receipt of which is hereby acknowledged by Franchisor. The initial franchise fee shall be deemed fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in entering into this Agreement and for Franchisor's lost or deferred opportunity to enter an agreement with others. If Franchisee enters into additional

Franchise Agreements during the term hereof, the initial franchise fee under those agreements will be half of the initial franchise fees being charged by the Franchisor at that time.

In the case of fixed location franchises, the parties agree that if Franchisee's Approved Location is located within an enclosed shopping mall, that Franchisee may have opportunities to add a portable location or cart within the same mall, selling products baked at the Approved Location. In such event, and subject to the approval of Franchisor, Franchisee may set up a non-baking cart style location within the mall after paying an additional fee of Five Thousand ($5,000) Dollars, and provided that Franchisee is in full compliance with the terms of this Agreement. Termination or expiration of this Agreement terminates Franchisee's right to operate the non-baking location, and the operation of the non-baking location shall be subject to all of the provisions of this Agreement, including approval of the cart and related equipment and signage and the obligations to pay royalties, advertising fees and other fees on the sales generated by the cart location.

4.2 Franchisee shall make monthly expenditures and contributions for advertising and promotion as specified in Section 12.2 hereof.

4.3 Franchisee shall pay to Franchisor a continuing royalty fee in an amount equal to six percent (6%) of the Gross Sales of the Franchised Business. As used in this Agreement, "Gross Sales" means all revenue from the sale of all products and all other income of every kind and nature related to the Franchised Business including, without limitation, any proceeds from business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales shall not include any sales taxes or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority.

4.4 All payments required by this Section 4 shall be made on a semi-monthly basis, on or before the twentieth (20th) day of each month, calculated on the Gross Sales for the first (1st) through fifteenth (15th) day of that month, and on the fifth (5th) day of the following month, calculated on Gross Sales for the sixteenth (16th) day of the prior month to the end of that month, and shall be submitted to Franchisor together with any reports or statements required under Sections 4.5 and 11.3 of this Agreement. Any payment or report not actually received by Franchisor on or before such date shall be deemed overdue. If any payment is overdue by more than five calendar days, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, a late fee of $100 for each payment past due, plus interest on such amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have. Franchisee shall not be entitled to set-off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor.

4.5 The royalties and all other fees and/or charges arising under this Agreement shall be remitted to Franchisor via electronic funds transfer ("EFT") from the designated

account(s) of Franchisee's financial institution. Prior to opening his/her franchised business, and from time to time thereafter as events may require, Franchisee shall provide to Franchisor written authorization, and such other information as Franchisor may require, in such form as shall be approved by Franchisor, which shall authorize/enable Franchisee's financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing to Franchisor directly into Franchisor's bank account(s).

Franchisee authorizes Franchisor to withdraw funds by EFT upon or after the said funds become due to Franchisor under this Agreement, at such days and times as Franchisor shall, in its sole discretion, determine. It shall be a non-curable event of default under this Agreement if Franchisee closes or otherwise makes Franchisee's designated account non-accessible by Franchisor without completing the following before or promptly after the account is made non-accessible:

i. notifying Franchisor in writing of such event;

ii. establishing another designated account for EFT withdraws; and

iii. providing the written authorization and information required in this section.

In the event that Franchisor has not received by 12 noon (EST) on the fifth and the twentieth of each month, a report of sales from Franchisee for the gross sales of the franchised business during the preceding two week period described in Section 4.4 above, via (i) written statements/written business reports in the form stipulated by Franchisor, and/or (ii) by electronic polling, then Franchisor shall be entitled to withdraw by EFT from Franchisee's designated account(s) the appropriate royalty based on an arithmetic average of Franchisee's gross sales reported to Franchisor over a number of previous months determined by Franchisor in its sole discretion, or based on some other means of estimating Franchisee's gross sales determined by Franchisor in its reasonable discretion. If a gross sales report in the form of a statement required under this Section 4.5 is subsequently received and reflects (i) that the actual amount of the royalty was more than the amount of the EFT by Franchisor, then Franchisor shall be entitled to additional funds via EFT from Franchisee's designated account(s) for the difference, or (ii) that the actual amount of the royalty and advertising contribution was less than the amount of the EFT by Franchisor, then Franchisor shall credit the excess amount to the payment of Franchisee's future royalties.

Upon written notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under this agreement directly to Franchisor by check or other non-electronic means, in lieu of EFT, in Franchisor's sole discretion.

Franchisor shall have the right to require Franchisee to utilize computer terminals and software at Franchisee's expense which are fully compatible with any program or system which

Franchisor uses, and all point-of-sale transactions, gross receipts, inventory data and information, and all other sales information shall be recorded on such computer terminals. Franchisee shall also be required to utilize such automated central accounting system equipment and systems as Franchisor may prescribe. Franchisor shall have full access to all of Franchisee's computer data, computer system and related information by direct access, including access to the Franchisee's bank account to collect royalties and advertising contributions at franchisees expense.

5. CONSTRUCTION AND OPENING OF THE FRANCHISED BUSINESS

5.1 Franchisee shall construct and/or renovate and equip the Franchised Business, whether in a fixed location or a food truck, at Franchisee's own expense. Franchisee shall construct or renovate and equip the Franchised Business pursuant to the prototype plans and specifications provided by Franchisor.

5.2 In the case of a fixed location business, Franchisee shall employ a qualified, licensed architect or engineer to prepare, for the Franchisor's approval, preliminary plans and specifications for construction of the Franchised Business based upon the specifications furnished by Franchisor. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee must submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Once approved by Franchisor, such final plans may not thereafter be changed or modified without the prior written consent of Franchisor. Regardless of whether the business will be at a fixed location or in a food truck, Franchisee must obtain all permits and certifications required for the lawful construction and operation of the Franchised Business and must certify in writing to Franchisor that all such permits and certifications have been obtained. For a fixed location business, Franchisee must employ a qualified licensed general contractor to construct the Franchised Business and to complete all improvements. Franchisee must obtain and maintain in force during the entire period of construction the insurance required under Section 13 of the Franchise Agreement. In the case of a food truck operation, Franchisee is also responsible for meeting all city and county permitting and regulations on the routes and locations that the food truck services.

5.3 Franchisee shall obtain Franchisor's written approval prior to opening the Franchised Business, which approval shall not be unreasonably withheld, and shall open the Franchised Business within twelve (12) months after the date of this Agreement. The parties agree that time is of the essence in the opening of the Franchised Business.

5.4 In connection with the opening of the Franchised Business:

5.4.1 Franchisee shall conduct, at Franchisee's expense, such grand opening promotional and advertising activities as Franchisor may require which expense shall be credited

against Franchisee's obligation to pay advertising contributions to the Fund, as set forth in Section 12 hereof.

5.4.2 Franchisee shall provide at least fourteen (14) days' prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchised Business. Franchisee shall not open the Franchised Business without Franchisor's prior written approval and without a representative of Franchisor present, if required by Franchisor. If Franchisor cannot provide its representative on the date that Franchisee proposes to first open the Franchised Business, then Franchisee shall reschedule such opening to a date on which the Franchisor's representative can be in attendance.

6. TRAINING

6.1 Prior to the opening of the Franchised Business, Franchisee (or, if Franchisee is a corporation or partnership, a principal of Franchisee acceptable to Franchisor), and/or Franchisee's manager (if Franchisee or Franchisee's principal will not manage the Franchised Business, shall attend and complete to Franchisor's satisfaction the initial training program at a length to be determined by the franchisor for franchisees and managers offered by Franchisor. At Franchisor's option, any persons subsequently employed by Franchisee in the position of manager shall also attend and complete Franchisor's training program for managers, to Franchisor's satisfaction. Franchisee and Franchisee's manager and other employees shall also attend such additional courses, seminars, and other training programs as Franchisor may reasonably require from time to time.

6.2 All training programs shall be at such times and places as may be designated by Franchisor. For all required initial and additional training courses, seminars, and programs, Franchisor shall provide, at no charge to Franchisee, instructors and training materials; and Franchisee or its employees shall be responsible for any and all other expenses incurred by them in connection with any such courses, seminars, and programs, including, without limitation, the costs of transportation, lodging, meals, and wages.

7. DUTIES OF FRANCHISEE

7.1 Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products sold by all franchised businesses operating under the System, and to protect Franchisor's reputation and goodwill.

7.2 Franchisee shall use the Premises solely for the operation of the business franchised hereunder; shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may specify; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the Franchised Business in strict conformity with

such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without Franchisor's prior written consent.

7.3 To ensure that the highest degree of quality and service is maintained, Franchisee agrees:

7.3.1 To maintain in sufficient supply (as Franchisor may prescribe in the Manual or otherwise in writing), and to use at all times, only such fixtures, furnishings, equipment, signs, menu items, ingredients, products, materials, supplies, and paper goods as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent.

7.3.2 To sell or offer for sale only such menu items, products, and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of menu items, products, and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any menu items, products, or services which Franchisor may, in its discretion, disapprove in writing at any time. It is acknowledged that the menu offered by a food truck franchisee may differ from the standard menu offered at a fixed location, and Franchisor will specify the required menu for each type of operation.

7.3.3 To use, in the preparation of food products, seasonings, ingredients, and recipes as prescribed by Franchisor. Franchisee acknowledges that certain ingredients used in the preparation of food products under the System are unique and that their formulae and manufacturing processes are proprietary to Franchisor and constitute trade secrets essential to the success of the System. Franchisee shall purchase such ingredients exclusively from Franchisor or its affiliates or from supplier(s) designated by Franchisor from time to time. Franchisee may purchase other ingredients from other suppliers only after obtaining Franchisor's prior approval.

7.3.4 To use and display only the standard format menu provided by Franchisor, as the same may be revised by Franchisor from time to time. Any changes in the menu format must be approved in writing by Franchisor prior to use. Franchisee shall have sole discretion as to the prices to be charged to customers.

7.3.5 To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, decor, supplies, and signs as Franchisor may reasonably 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, without Franchisor's prior written consent, any fixtures, furnishings, equipment, signs, or other items not previously approved as meeting Franchisor's standards and specifications. For food truck operations, Franchisee shall purchase and install such vehicle wraps as Franchisor may designate.

7.3.6 To refrain from selling, or offering for sale, any alcoholic beverages without the prior written approval of Franchisor, which approval may be conditioned upon such requirements as Franchisor deems necessary for the protection of the Proprietary Marks and the System, including, without limitation, the requirement that Franchisee complies with all laws and regulations applicable to the sale of alcoholic beverages.

7.4 Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, without limitation, a telecopy machine, computer hardware and software, telephone, and cash register or point-of-sale recording system), decor, and signs as Franchisor may reasonably direct from time to time; and shall refrain from installing or permitting to be installed on or about the Premises, whether in a fixed location or a food truck, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting Franchisor's standards and specifications. Franchisee shall record all sales at or from the Franchised Business only on cash registers dedicated solely to the recordation of sales at or from the Franchised Business ("Cash Register(s)"). Franchisee shall report in writing to Franchisor, and obtain Franchisor's written approval of, the make, model, and serial number of each Cash Register prior to the use of such Cash Register by Franchisee. Cash Registers shall, at a minimum, include a device to record accumulated sales and which cannot be turned back or reset, and shall also include, at a minimum, a back-up power system for memory storage in the event of a power loss, and that the Cash Register have modem capacity to permit Franchisor to gain access to the information stored in the Cash Register during and after business hours.

7.5 All products sold or offered for sale at the Franchised Business shall meet Franchisor's then-current standards and specifications, as established in the Manual or otherwise in writing. Franchisee shall purchase all products solely from suppliers who demonstrate to Franchisor's continuing reasonable satisfaction the ability to meet Franchisor's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by Franchisor in the Manual or otherwise in writing. If Franchisee desires to purchase products from other than approved suppliers, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor shall, within thirty (30) days after its receipt of such completed request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. Franchisee shall not sell or offer for sale any products of the proposed supplier until Franchisor's written approval of the proposed supplier is received. Franchisor may from time to time revoke its approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's

standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale.

7.6 At the time the Franchised Business opens, Franchisee shall stock and display the initial inventory of products, accessories, equipment, and supplies prescribed by Franchisor in the Manual or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand.

7.7 Franchisee shall permit Franchisor and its agents to enter upon the Premises whether at a fixed location or a Food Truck, at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of Franchisor in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to require Franchisee to reimburse Franchisor for Franchisor's expenses in so acting, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have. In the case of a food truck operation, in addition to informing Franchisor of the location of the food truck at all times, Franchisee shall keep Franchisor informed of any location where Franchisee may keep the food truck when not in use, may store inventory or other items, or may maintain an office. Franchisor shall have the right inspect such a location to the extent provided above in this section 7.7.

7.8 Franchisee shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

7.9 Franchisee shall maintain the Premises (including adjacent public areas) whether a fixed location or food truck, in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct.

7.10 At Franchisor's request, but not more often than once every five (5) years (unless sooner required by Franchisee's lease), Franchisee shall refurbish the Premises, whether a fixed location or food truck, at its expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current

image for new franchised businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements.

7.11 The Franchised Business shall at all times be under the direct, on-Premises supervision of a qualified manager. Franchisee shall maintain a competent, conscientious, trained staff, including a fully-trained manager (who may be Franchisee). Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manual. Franchisee and its employees shall handle all customer complaints, refunds, returns, and other adjustments in a manner that will not detract from the name and goodwill of Franchisor. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees.

7.12 Franchisee shall not implement any change, amendment, or improvement to the System without the express prior written consent of Franchisor. Franchisee shall provide Franchisor advance written notice of any change, amendment, or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment, or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment, or improvement into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee.

7.13 In the case of a fixed location business, Franchisee shall comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Franchised Business; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises.

7.14 Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Franchised Business.

8. PROPRIETARY MARKS

8.1 Franchisor holds the exclusive franchise rights to a proprietary system which it has developed through a significant expenditure of time, skill, effort and money relating to the establishment, development and operation of a Pretzel Twister franchise business, which specializes in the sale of pretzels.

8.2 With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only at the Approved Location or food truck, or in advertising for the Franchised Business that is approved by Franchisor under Section 12, below;

8.2.3 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Franchised Business only under the name "The Pretzel Twister" and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 Franchisee shall identify itself as the owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as Franchisor may designate in writing at the Premises and on any delivery vehicles used in the operation of the Franchised Business;

8.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of rights of Franchisor;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor, nor shall Franchisee use the marks in the name of any legal entity associated with the franchised business;

8.2.7 Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and

8.2.8 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor also has the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's proper use of the Proprietary Marks.

If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts.

8.3 Franchisee expressly understands and acknowledges that:

8.3.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

8.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks;

8.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

8.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

8.3.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

8.3.7 Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at Franchisor's sole discretion. Franchisor shall bear the costs of modifying Franchisee's signs and advertising materials to conform to Franchisor's new Proprietary Marks, but shall otherwise have no obligation or liability to Franchisee as a result of such substitution.

9. OPERATING MANUAL

9.1 In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual, one copy of which Franchisee shall receive on loan from Franchisor for the term of this Agreement at the commencement by Franchisee and Franchisee's manager of the initial training program described above in Section 6.

9.2 Franchisee shall treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 The Manual shall remain the sole property of Franchisor and shall be kept in a secure place on the Premises.

9.4 Franchisor may from time to time revise the contents of the Manual, and Franchisee expressly agrees to comply with each new or changed standard.

9.5 Franchisee shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by Franchisor at Franchisor's home office shall be controlling.

10. CONFIDENTIAL INFORMATION

10.1 Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to Franchisee or of which Franchisee may be apprized by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

10.2 At Franchisor's request, Franchisee shall require its manager and any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

11. ACCOUNTING AND RECORDS

11.1 Franchisee shall record all sales on a computer-based, point-of-sale record keeping and control system designated by Franchisor, or on any other equipment specified by Franchisor in the Manual or otherwise in writing. Franchisee shall prepare and shall preserve for at least seven (7) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing.

11.2 All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manual, and on such cash register or point-of-sale recording system as Franchisor may specify pursuant to Section 7.4 hereof.

11.3 Without limiting the foregoing, Franchisee shall, at Franchisee's expense, submit to Franchisor in the form and format prescribed by Franchisor, or maintain readily available for Franchisor's inspection, review and/or auditing, the following reports, financial statements, and other data:

11.3.1 A monthly balance sheet and profit and loss statement (which may be audited) within fifteen (15) days after the end of each month of the fiscal year or the Franchised Business; and

11.3.2 A complete annual financial statement prepared by an independent Certified Public Accountant satisfactory to Franchisor, within ninety (90) days after the end of each fiscal year of the Franchised Business, showing the results of operations of the Franchised Business during said fiscal year; and

11.3.3 Exact copies of Franchisee's invoices for goods purchased from suppliers; and

11.3.4 Copies of Franchisee's operating reports to its landlord and/or shopping mall operator, as applicable; and

11.3.5 Franchisee's state sales tax returns and such portion of Franchisee's federal income tax returns as reflected in the operations of the Franchised Business; and

11.3.6 Such other forms, reports, records, information and data as Franchisor may reasonably designate.

11.4 Franchisor and its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts, and sales tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of two percent (2%) or more, or if the inspection was done because Franchisee failed to comply with the provisions of this Agreement relating to required reporting or failure to purchase and install only the required point of sale equipment, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12. ADVERTISING AND PROMOTION

12.1 Franchisor has established a national Advertising Fund (the “Advertising Fund).

12.2 Each month during the term of this Agreement, Franchisee shall spend an amount which, in the aggregate, is equal to two percent (2%) of Franchisee's gross sales during the preceding month, to advertise and promote the Franchised Business 1(the "Advertising Contribution"). The Advertising Contribution shall be paid by Franchisee in the manner required pursuant to Section 12.3, below.

12.3 Franchisee's Advertising Contribution shall be divided in such proportions as may be designated by Franchisor in its sole discretion among the following: (a) payments to the Advertising Fund; and (b) expenditures on local advertising and promotion.

12.4 The Advertising Fund shall be maintained and administered by Franchisor or its designee, as follows:

12.4.1 Franchisor or its designee shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Advertising Fund is intended to maximize general public recognition, acceptance, and use of the System; and that Franchisor and its designee are not obligated, in administering the Advertising Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution,

or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund.

12.4.2 The Advertising Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Franchised Businesses operated under the System. The Advertising Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Franchisor, which products, services, or improvements Franchisor deems, in its sole discretion, will promote general public awareness and favorable support for the System. The Franchisor may also use the Advertising Fund to pay for an annual convention of the Pretzel Twister franchisees.

12.4.3 Franchisee shall contribute to the Advertising Fund by checks made payable to the Advertising Fund or by such other methods as Franchisor may specify from time to time, at such times as are required pursuant to Section 4.4 hereof. All sums paid by Franchisee to the Advertising Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Advertising Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs. The Advertising Fund and its earnings shall not otherwise inure to the benefit of Franchisor. Franchisor or its designee shall maintain separate bookkeeping accounts for the Advertising Fund.

12.4.4 The Advertising Fund is not and shall not be an asset of Franchisor. A statement of the operations of the Advertising Fund as shown on the books of Franchisor shall be prepared annually and shall be made available to Franchisee.

12.4.5 Although the Advertising Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Advertising Fund. The Advertising Fund shall not be terminated, however, until all monies in the Advertising Fund have been expended for advertising and/or promotional purposes.

12.5 All local advertising and promotion by Franchisee shall be in such media, and of such type and format as Franchisor may approve; shall be conducted in a dignified manner;

and, shall conform to such standards and requirements as Franchisor may specify. 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 Section 12.7 hereof.

12.6 Franchisor shall make available to Franchisee from time to time, at Franchisee's expense, advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials.

12.7 For all advertising and promotional plans which require Franchisor's approval prior to use, as set forth in Sections 12.5 hereof, Franchisee shall submit samples of such plans and materials to Franchisor (by means described in Section 22 hereof), for Franchisor's prior written approval (except with respect to prices to be charged). If written approval is not received by Franchisee from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them.

12.8 Reserved

12.9 Franchisee understands and acknowledges that the required contributions and expenditures are minimum requirements only, and that Franchisee may, and is encouraged by Franchisor to, expend additional funds for local advertising and promotion.

12.10 As used in this Agreement, the term "local advertising and promotion" shall consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, and those direct out-of-pocket expenses related to costs of advertising and sales promotion, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that the term "advertising and sales promotion" shall not include costs or expenses incurred by or on behalf of Franchisee in connection with any of the following:

12.10.1 Salaries and expenses of any employees of Franchisee, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons;

12.10.2 Charitable, political, or other contributions or donations;

12.10.3 The value of discounts provided to consumers;

12.10.4 The cost of food items; and

12.10.5 Specialty items (e.g., cups, banners, t-shirts, and premiums), unless such items are a part of a market-wide advertising and sales promotion program and only to the extent that the cost of such items is not recovered by the promotion.

13. INSURANCE

13.1 Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and business interruption insurance. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor as an additional insured as specified by Franchisor, shall provide at least the types and minimum amounts of coverage specified in the Manual, and contain a waiver by Franchisee and its insurers of their subrogation rights against Franchisor and its affiliates, and their respective shareholders, directors, employees and agents.

13.2 Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 All public liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents, or employees by reason of the negligence of Franchisee or its servants, agents, or employees. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverage evidenced by such Certificates.

13.4 Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

14. TRANSFER OF INTEREST

14.1 Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee shall execute such documents of attornment or otherwise as Franchisor shall request to give effect to this Section.

14.2 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation or partnership, its principals') business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, mortgage, encumber, merge, or give away any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business (collectively, a "transfer") without the prior written consent of Franchisor. Any purported transfer not having the written consent of Franchisor required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15.2 of this Agreement.

14.3 Franchisee shall notify Franchisor in writing of any proposed transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business at least thirty (30) days before such transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer, but if a transfer, alone or together with other previous, simultaneous, or proposed transfers, would have the effect of changing control of Franchisee or substantially all of the assets of the Franchised Business, Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

14.3.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

14.3.3 That the transferor shall have executed a release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, Franchisor's owner(s), affiliates, and their respective officers, directors, agents, and employees;

14.3.4 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and, if the obligations of Franchisee were guaranteed by the transferor, that the transferee guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

14.3.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Franchised Business. Franchisor may require that all individuals owning an interest in a transferee entity sign a personal guaranty of any new or assumed Franchise Agreement;

14.3.6 That the transferee execute, for a term ending on the expiration date of this Agreement and with such renewal provisions as are provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects;

14.3.7 That the transferee, at its expense, refurbish the Premises to conform to Franchisor's then-current standards and specifications, and complete the refurbishing and other requirements within the time specified by Franchisor;

14.3.8 That Franchisee remain liable for all of the obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

14.3.9 That the transferee (or, if the transferee is a corporation or partnership, a principal of the transferee acceptable to Franchisor), and the transferee's manager (if transferee or transferee's principal will not manage the Franchised Business), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as Franchisor may reasonably require;

14.3.10 That Franchisee pay a transfer fee in an amount equal to the greater of Eight Thousand Seven Hundred Fifty ($8,750) Dollars or the then current transfer fee then being charged by Franchisor. In the case of a transfer to a corporation formed by Franchisee for the convenience of ownership, no such transfer fee shall be required.

14.4 Franchisee shall not grant a security interest in the Franchised Business or in any of the assets of the Franchised Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, 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, and, if Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.5 If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business proposes to transfer any interest in this Agreement, the Franchisee, or all or substantially all of the assets of the Franchised Business, the transfer of which would have the effect of transferring such interest or assets, by accepting any bona fide offer from a third party to purchase such interest and/or assets, shall notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest or the assets on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest or assets, closing on such purchase must occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. If the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest or assets proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor, and the determination of such appraiser shall be binding.

14.6 Upon the death or mental incapacity of any person with an interest in the Franchised Business, the transfer of which interest which would have the effect of transferring control of the Franchisee, the executor, administrator, or personal representative of such person shall transfer within six (6) months after such death or mental incapacity, such interest to a third party approved by Franchisor. Such transfers, including, without limitation, transfers 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 Section 14, the personal representative of the deceased shall have a reasonable time to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement.

14.7 Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.8 All materials required for any offering of securities of Franchisee by federal or state law shall be submitted to Franchisor by the offeror for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No offering shall imply, by use of the Proprietary Marks or otherwise, that Franchisor is participating in an underwriting, issuance, or offering of securities of either Franchisee or Franchisor; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of Five Thousand Dollars ($5,000) or such greater amount as may be necessary to reimburse Franchisor for its out-of-pocket costs in connection with reviewing the proposed offering materials and in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering materials, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 14.8. Any such offering shall be subject to Franchisor's prior written consent and right of first refusal as provided in Sections 14.3 and 14.4, respectively, hereof.

14.9 If Franchisee is a corporation or partnership, Franchisee shall require each shareholder or partner (as the case may be) holding an interest in Franchisee to execute and deliver to Franchisor a covenant by which such person or entity agrees not to transfer any interest in Franchisee except in accordance with the terms and conditions of this Agreement, including without limitation, Franchisor's right of first refusal described in Section 14.5 hereof.

14.10 If, for any reason, this Agreement is not terminated pursuant to Section 15.1 and it is contemplated that this Agreement will be assumed or assigned to a person or entity who has made a bona fide offer to accept an assignment of this Agreement, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date that the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Franchisor itself, upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any

brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of this Agreement.

15. DEFAULT AND TERMINATION

15.1 Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee 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 and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; 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 any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or equipment 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 thereupon by any sheriff, marshal, or constable.

15.2 Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 22 hereof):

15.2.1 If Franchisee fails to locate an approved site or to construct and open the Franchised Business, whether at a fixed location or in a food truck, within the time limits provided in the Site Selection Addendum or Section 5.3 of this Agreement;

15.2.2 If Franchisee and/or Franchisee's manager fails to complete the initial training program described in Section 6.1 hereof to Franchisor's satisfaction;

15.2.3 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the Premises or food truck, as applicable, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that if, the Premises or food truck are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, or if Franchisee closes the business at the Premises of a fixed location and desires to establish a new location, then Franchisee shall have 60 days from such closing or destruction in which to secure a new location, which must be approved by Franchisor, and then open the location within 9 months after signing the lease. If Franchisee closes the business and

does not comply with all of these requirements regarding relocation, then Franchisor may terminate this Agreement as provided herein;

15.2.4 If Franchisee or any principal or officer of Franchisee is convicted of 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 Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein;

15.2.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business;

15.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent, contrary to the terms of Section 14 hereof;

15.2.7 If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.6 hereof;

15.2.8 If Franchisee fails to comply with the covenants in Section 17.2 hereof or fails to obtain execution of the covenants required under Sections 10.2 or 17.7 hereof;

15.2.9 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manual or other confidential information provided to Franchisee by Franchisor;

15.2.10 If Franchisee knowingly maintains false books or records, or submits any false reports (including the application for this franchise) to Franchisor;

15.2.11 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

15.2.12 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records, or accounts of Franchisee upon demand;

15.2.13 If Franchisee, upon receiving a notice of default under Section 15.3 hereof, fails to initiate immediately a remedy to cure such default;

15.2.14 If Franchisee, after curing a default pursuant to Section 15.3 hereof, commits the same default again within a two-year period, whether or not cured after notice; or

15.2.15 If Franchisee defaults under any other Franchise Agreement or other agreement with or obligation to the Franchisor and fails to cure such a breach within any applicable time period contained in such agreement.

15.3 Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 22 hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the thirty-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder include the following illustrative events:

15.3.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manual, or failure to carry out the terms of this Agreement in good faith.

15.3.2 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement;

15.3.3 If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing;

15.3.4 Except as provided in Section 15.2 hereof, if Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

15.3.5 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Premises, or in any way jeopardizes its right to renewal of such lease or sublease; or

15.3.6 If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks.

15.3.7 If Franchisee fails to keep the Franchise Location open for business during the minimum days and hours specified by the landlord, or for eight (8) days in any thirty (30) day period; or

15.3.8 If Franchisee has made any material misrepresentations of misstatements on the application for the Franchise, or with respect to the ownership of Franchisee; or

15.3.9 (i) If Franchisee copies or transfers Franchisor supplied Software or the documents which accompanied the Software; or

(ii) If Franchisee reverse assembles or reverse complies the Software; or

(iii) If Franchisee sublicenses, rents, leases, or assigns, the Software.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

16.1 Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

16.2 Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the Proprietary Mark "The Pretzel Twister" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

16.3 Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "The Pretzel Twister" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4 Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises, if a fixed location business. If Franchisor does not elect or is for whatever reason unable to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of franchised businesses operating under the System, and Franchisee shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. If Franchisee fails or refuses to comply with the requirements of this Section 16.4, Franchisor shall have the right to enter upon the Premises,

without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

16.5 Franchisee agrees, if it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake, or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to the Franchisor, the System, or the Proprietary Marks) which, in Franchisor's sole discretion, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks.

16.6 Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

16.7 Franchisee shall immediately deliver to Franchisor the Manual and all other records, correspondence, and instructions containing confidential information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

16.8 Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the furnishings, equipment, signs, and fixtures related to the operation of the Franchised Business at fair market value and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost. In the case of a food truck operation, Franchisor’s right to purchase shall extend to the food truck itself and all of its contents. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at Franchisor's expense, by an appraiser selected by Franchisor, and the appraiser's determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

16.9 Franchisee shall assign to Franchisor any interest which Franchisee may have in and to the telephone number(s) of the Franchised Business, and Franchisee must immediately cease use of said telephone number(s).

16.10 Franchisee shall comply with the covenants contained in Section 17.3 of this Agreement.

17. COVENANTS

17.1 Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation or other legal entity, a principal of Franchisee) or Franchisee's fully-trained manager shall devote full time and best efforts to the management and operation of the Franchised Business.

17.2 Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

17.2.2 Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or

17.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a five percent (5%) interest in (as owner or otherwise) any business that features the sale of baked pretzels.

17.3 Franchisee covenants that, except as otherwise approved in writing by Franchisor, neither Franchisee not any owner of Franchisee if Franchisee is a legal entity, shall, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (x) features the sale of baked pretzels; and (y) is, or is intended to be, located at or within a six (6) mile radius of the approved location or of any other franchised business

then-operating under the System. In the case of a food truck franchise, the restricted territory shall consist of the territory granted to Franchisee by this Agreement.

17.4 Sections 17.2.2 and 17.3 shall not apply to ownership by Franchisee of a less than two percent (2%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5 Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3, 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 forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.6 Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17.

17.7 At Franchisor's request, Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in Section 10 and this Section 17 (including covenants applicable upon the termination of a person's relationship with Franchisee and the provisions of Section 16 of this Agreement as modified to apply to an individual) from any or all of the following persons: (a) all managers of Franchisee and any other personnel employed by Franchisee who have received or will receive training from Franchisor; (b) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling, controlled by, or under common control with, Franchisee, if Franchisee is a corporation; and (c) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of one percent (1%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership. Every covenant required by this Section 17.7 shall be in a form approved by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

18. CORPORATE OR OTHER LEGAL ENTITY FRANCHISEE

18.1 If Franchisee is a corporation, Franchisee shall comply with the following requirements:

18.1.1 Franchisee shall be newly organized, and its charter shall at all times provide that its activities are confined exclusively to operating the Franchised Business.

18.1.2 Copies of Franchisee's Articles of Incorporation, Bylaws, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor.

18.1.3 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 18.1.3 shall not apply to a publicly-held corporation.

18.1.4 Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to Franchisor upon request.

18.1.5 Franchisee shall comply with Section 14.9, above.

18.2 If Franchisee or any successor to or assignee of Franchisee is Another form of legal entity, it shall comply with the following requirements:

18.2.1 Franchisee shall furnish Franchisor with a copy of its organizational documents, as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

18.2.2 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all owners in Franchisee.

18.2.3 Franchisee shall comply with Section 14.9, above.

18.2.4 All owners shall sign a guarantee form acceptable to the Franchisor.

19. TAXES, PERMITS, AND INDEBTEDNESS

19.1 Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

19.2 In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

19.3 Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

19.4 Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business or the Franchisee.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

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

20.2 During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify.

20.3 Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor. Franchisee shall indemnify and hold Franchisor, and Franchisor's officers, directors, and employees harmless against any and all claims, losses, costs, expenses, liabilities, and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, as well as the costs, including attorneys' fees, of the indemnified party in defending against them.

21. APPROVALS AND WAIVERS

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

21.2 Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

21.3 No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach of default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder 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.

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery, including reputable delivery services such as Federal Express or UPS, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party.

Notices to Franchisor:
Mr. Twister Pretzels, Inc.
3705 Mason Road
New Hill, North Carolina 27562

Notices to Franchisee:

_____

_____

In addition, it is agreed that the Franchisor may send notices to the Franchisee at the Approved Location.

23. ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations (whether oral or written) having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

24. SEVERABILITY AND CONSTRUCTION

24.1 If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and 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 of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

24.2 Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination, or assignment of this Agreement (regardless of cause for termination), or assignment shall survive such expiration or termination.

24.3 Except as expressly provided to the contrary herein, 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, shareholders, agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

24.4 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

25. APPLICABLE LAW

25.1 This Agreement shall be interpreted and construed exclusively under the laws of the State of North Carolina. In the event of any conflict of law, the laws of North Carolina shall prevail, without regard to the application of North Carolina conflict-of-law rules; except that all issues relating to arbitrability or the enforcement of the agreement to arbitrate herein contained shall be governed by the U.S. Arbitration Act, 9 U.S.C. § 1, et seq., and the federal common law of arbitration. Nothing in this Section 25.1 is intended by the parties to subject this Agreement to any franchise or similar statute, rule, or regulation of the State of North Carolina to which it would not otherwise be subject.

25.2 Any claim or controversy arising out of, or related to, this Agreement, or the offer, making, breach, performance, or interpretation thereof, shall be finally settled by arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), by one arbitrator appointed in accordance with such rules. All arbitration proceedings shall take place at the AAA office closest to Franchisor's principal place of business, and the laws applicable to the arbitration procedure shall be the laws of the forum state. The award of the arbitrator shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues, or accountings presented or pled to the arbitrator; shall be made and shall promptly be payable free of any tax, deduction, or offset; and any costs, fees, or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the party resisting such enforcement. Judgment upon the award of the arbitrator may be entered in the court having jurisdiction thereof, or application may be made to such court for a judicial acceptance of the award or an order of enforcement.

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

25.4 Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

25.5 Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any 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.

25.6 Nothing herein contained (including, without limitation, Section 25.2, above, regarding arbitration) shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

25.7 Franchisee shall pay to Franchisor all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorney's fees, incurred by Franchisor in successfully enforcing any provision of this Agreement, including, but not limited to the obtaining of injunctive relief.

26. ACKNOWLEDGMENTS

26.1 Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation or partnership, the ability of its principals) as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

26.2 Franchisee acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least five (5) business days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received the 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 ten (10) business days prior to the date on which this Agreement was executed.

26.3 Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

27. RELOCATION

Franchisee may relocate the Franchise Business to a new location in the same mall or shopping center upon the following conditions:

27.1 Franchisee shall not be in default of any provision of the Agreement or the lease for the former location.

27.2 Franchisee shall deliver to Franchisor a current financial statement, a profit and loss statement for the store during the last 12 months of operations at the former location, and a copy of the lease for the new location.

27.3 The new store must be constructed, located and equipped in accordance with the Franchisor's then current design and other standards.

27.4 Franchisee must be current on all Franchisee's financial obligations to Franchisor and its affiliates.

28. COMPLIANCE WITH GOVERNMENT REGULATIONS.

Franchisee will comply with all applicable federal, state and local laws, ordinances, regulations and shopping center requirements. Franchisee shall notify Franchisor in writing within seven (7) days of commencement of any legal or governmental action which may adversely affect Franchisee's financial condition or ability to meet its obligations in this Agreement.

29. REFERRAL OF INQUIRIES

Franchisee shall refer Mail Order, supplier, and Franchise inquiries to the head office of Franchisor.

30. SECURITY INTEREST

30.1 As Security for the payment of Royalty Fees, Advertising Contributions, and all sums due and owning of any nature whatsoever present and future by Franchisee to Franchisor, and all other sums otherwise due or payable under this Agreement including sums owing to suppliers and trade creditors or under the lease of the Franchised Business, and the performance of all of Franchisee's covenants hereunder, Franchisee grants to Franchisor a continuing general security interest in and to all of its assets, present and future, including, without limitation, its equipment, inventory, accounts receivable, and its leasehold interest in the Franchised Business (all of which assets are hereinafter collectively called the "Collateral"). Until the security interest becomes enforceable, Franchisee may dispose of or deal with the Collateral, other than the lease, in the ordinary course or its business and for the purpose of carrying on the same. In the event that Franchisee is in default under this Agreement, the Sub-lease or any other obligation between the parties or between Franchisee and its suppliers, landlord, or trade creditors, Franchisor may realize upon the Collateral by any one or all of the following remedies:

30.1.1 entry into possession of the Franchised Business;

30.1.2 appointment to a Receiver, who shall at all times be considered as Franchisee's agent;

30.1.3 any other remedies or legal proceeding authorized in law.

30.2 Franchisor (in addition to the above) or any Receiver appointed by instrument in writing shall have power to:

30.2.1 take possession of the Franchised Business;

30.2.2 carry on any part of the Franchised Business; and

30.3.3 sell on concur in selling all or any part of the Security in such matter as may seem reasonable to Franchisor or the Receiver and to complete such sale in the name of Franchisee.

31. SUPPLIER REBATES, VOLUME REBATES & FACTORING FEES

Franchisee acknowledges that Franchisor may establish lines of credit for Franchisee with some Authorized Suppliers. Franchisee further acknowledges that such lines of credit are of substantial value to it and in consideration therefor and the guarantee of Franchisee in respect thereof together with other consideration, Franchisor shall be entitled to derive income from suppliers in the form of a rebate, volume rebate or like moneys and shall be for the sole account of Franchisor.

32. MISCELLANEOUS

32.1 Power of Attorney. Wherever in this Agreement Franchisee has covenanted and agreed to execute any instrument or document and Franchisee does not comply with the provisions hereof, the Franchisee hereby irrevocably nominates, constitutes and appoints from time to time the President of Franchisor as its true and lawful attorney for Franchisee and in Franchisee's name and on its behalf to execute and do all such acts, deeds, assurances, conveyances, transfers, documents and things that may be required for all or any of the purposes aforesaid, and Franchisee hereby covenants and agrees for himself and his successors and assigns to allow, ratify and confirm whatsoever Franchisor shall do or cause to be done by virtue of this power of attorney.

32.2 Right of Off-Set. Notwithstanding any other provision of this Agreement, upon the failure of Franchisee to pay Franchisor as and when due any sums of money, Franchisor may as its election, deduct any and all such sums remaining unpaid from any monies or credit held by Franchisor for the account of Franchisee.

32.3 No Right to Withhold Payment. Franchisee agrees that Franchisee will not on the grounds of the alleged non-performance by Franchisor of any of its obligations hereunder

withhold payment of any amounts due to Franchisor or any of its affiliates whether on account of equipment purchased by Franchisee or otherwise.

32.4 Attendance at Meetings. Franchisee, at its expense, shall attend at least one (1) international or national meeting each year, and all regional meetings, which Franchisor may originate for. Franchisor reserves the right to reasonably charge the franchisee for said meetings.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized representatives, in duplicate, on the date first above written.

FRANCHISEE:	**FRANCHISOR:**
_____	**MR. TWISTER PRETZELS, INC.**
(Name - Please Print)	
By: _____	By:_____
Title: _____	Title:_____

ADDENDUM TO FRANCHISE AGREEMENT FOR FOOD TRUCK FRANCHISE

PROTECTED TERRITORY DESCRIPTION

The Protected Territory hereby granted to Franchisee is as follows:

STATE LAW APPENDIX
FOR RESIDENTS OF THE STATE OF HAWAII

The Franchise Agreement, is hereby supplemented by the addition of the following:

Pursuant to Section 482E-6(3) of the Hawaii Revised Statutes, for so long as such statute remains in effect and so provides, on termination or refusal to renew the franchise, you will be compensated for the fair market value, at the time of termination or expiration of the franchise, of your inventory, supplies, equipment and furnishings purchased from us or a supplier designated by us, exclusive of personalized materials which have no value to us. If we refuse to renew a franchise for the purpose of converting the franchised business to one owned by us, we, in addition to the remedies provided in this paragraph, will compensate you for the loss of goodwill. We may deduct from such compensation reasonable costs incurred in removing, transporting, and disposing of your inventory, supplies, equipment, and furnishings pursuant to this paragraph, and may offset from such compensation any monies due to us.

FOR RESIDENTS OF THE STATE OF ILLINOIS

Notwithstanding the provisions of the Franchise Agreement, the conditions under which the Franchise Agreement can be terminated and the parties' rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Nothing in the Franchise Agreement will limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended. Without limiting the foregoing, nothing contained in Section 18.10 of the Franchise Agreement shall in any way limit any rights the Franchisee my have under Illinois law.

Any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waiver of compliance with the Illinois Franchise Disclosure Act of 1987, as amended, is void.

Section 25.1 of the Franchise Agreement is hereby modified by adding the following text as the last sentence thereof:

> In the event of any conflict between the foregoing and the Illinois Franchise Disclosure Act of 1987, as amended, the Illinois Act will prevail.

Notwithstanding any provisions in the Franchise Agreement to the contrary, any claims arising out of the Maryland Franchise Registration and Disclosure Law may be brought within the State of Maryland.

Pursuant to COMAR 02.02.08.16L of the Maryland Franchise Registration and Disclosure Law, a general release required as a condition to renewal, sale, and/or assignment/transfer of a franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

No release, or waiver of liability by a franchisee as a requirement to purchase a franchise shall constitute a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM

Notwithstanding Section 23 of the Franchise Agreement to the contrary, this Addendum will not be merged with or into, or superseded by, the Franchise Agreement. In the event of any conflict between the Franchise Agreement and this Addendum, this Addendum will be controlling. Except as otherwise expressly set forth in this Agreement, no other amendments or modifications of the Franchise Agreement are intended or made by the parties.

Applicable State or Commonwealth: _____

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum as of the Effective Date of the Franchise Agreement.

_____	_____
Mr. Twister Pretzels, Inc.	**Franchisee - By:**

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT
(THE "GUARANTEE")

As an inducement to Mr. Twister Pretzels, Inc., ("Franchisor") to execute the Franchise Agreement between Franchisor and _____ ("Franchisee") dated , 200__ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned will immediately make each payment required of Franchisee under the Agreement. The undersigned hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Sections 10 and 17 of the Agreement.

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

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 24 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of North Carolina. In the event of any conflict of law, the laws of North Carolina shall

prevail, without regard to, and without giving effect to, the application of the State of North Carolina conflict of law rules.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which afford the sender evidence of delivery or rejected delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Mr. Twister Pretzels, Inc.
3705 Mason Road
New Hill, North Carolina 27562

Notices to Guarantors:

_____

_____

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee, Indemnification, and Acknowledgment as of the date of the Agreement.

GUARANTORS

_____

_____

_____
Witness

EXHIBIT C TO FRANCHISE AGREEMENT
SBA ADDENDUM

SBA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum is made and entered into as of this the __ day of _____, 202__, by and between Mr Twister Pretzels, Inc., ("Franchisor") and _____ ("Franchisee").

Whereas, the parties hereto entered into a Franchise Agreement (the "Franchise Agreement) dated _____ for the ownership and operation by Franchisee of a Pretzel Twister franchised business. Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U.S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

1. **CHANGE OF OWNERSHIP**. In the event that there is a proposed transfer of a partial ownership interest in Franchisee, Franchisor may not exercise a right of first refusal to purchase such a partial ownership interest if the proposed transferee is a current owner or a relative of a current owner of the franchisee. In addition, Franchisor may not unreasonably withhold its required to consent to a proposed transfer, and in the event that a transfer is approved and consummated, the transferor shall have no liability for the actions of the transferee Franchisee taking place after the date of such a transfer.
2. **SALE OF ASSETS**. In the event of termination or expiration of the Franchise Agreement, if Franchisor chooses to exercise a right to purchase Franchisee's business assets and the parties cannot agree on the value of those assets, then an appraiser chosen by both the Franchisor and Franchisee shall determine the value. If Franchisee owns real estate where the franchised premises are located, Franchisee shall not be required to sell that real estate to the Franchisor, but may be required to lease it to the Franchisor or its designee for the remainder of the franchise term (excluding renewal terms) for fair market value, if the Franchise Agreement has a provision for such a lease.
3. **COVENANTS**. In the event that Franchisee owns the real estate where the franchised business is located, Franchisor may not record restrictions against the use of the real estate, such as restrictive covenants, branding covenants or environmental use restrictions.
4. **EMPLOYMENT**. Franchisor shall not directly control franchisee's employees, including any aspect of hiring, firing or scheduling of employees.

This Addendum automatically terminates on the earlier to occur of the following: (1) the loan is paid in full; or (2) the SBA no longer has any interest in the Loan. It is agreed that except as specifically modified herein, the Franchise Agreement shall remain in full force and effect, as originally executed and previously amended, if applicable.

Franchisor: Mr. Twister Pretzels, Inc.
By:_____
Franchisee:_____
BY _____

EXHIBIT C

TO MR. TWISTER PRETZELS, INC.
DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AT DECEMBER 31, 2022

ALABAMA

Wennie Lin
Pretzel Twister of Bridge Street Town Center
350 The Bridge Street, Suite #108
Huntsville, AL 35806
(256) 864-0333

FLORIDA

Bob Gonzales Jr.
The Oaks Mall
6451 W Newberry Road
Gainesville, Florida 32607
(352) 331-0064

Bob Gonzales Jr.
The Oaks Mall (opened kiosk in 2015)
6451 W Newberry Road
Gainesville, Florida 32607
(352) 331-0064

Bob Gonzalez, Jr.
Santa Rosa Mall
300 Mary Esther Blvd.
Mary Esther, Florida 32569
(813) 966-9885

Christophe & Chrystelle Fretigne
Merritt Square Mall
777 E. Merrit Island
Merritt Island, Florida 32952
(321) 452-9288

Luis J. Burgos
Shop at Wiregrass
28230 Paseo Drive, K3
Wesley Chapel, FL 33543
(215) 970-6573

INDIANA
Lily Miller
Richmond Square Mall
3801 National Road E, #527-C
Richmond, IN 47374-3641
(937) 409-5033

KENTUCKY
Mohammed Uzzaman
2028 Florence Mall, Suite 1411
Florence, KY 41042
(859) 282-1242

Camy Chong (Inherited store from Tony Wang, deceased)
3401 Nicholsville Road, Suite K-2
Lexington, Kentucky 40503-3622
(859) 278-0220

LOUISIANA
Xue Ling Gao
Mall of Louisiana
6401 Blue Bonnet Blvd, Suite 2050
Baton Rouge, Louisiana 70836
(225) 769-4863

MARYLAND
Brian Abshire
Harford Mall
676 A Bel Air Road
Bel Air, MD 21014
(407) 492-2736

MASSACHUSETTS
Chris Dong
Eastfield Mall
1655 Boston Road, Suite 152
Springfield, MA 01129
(413) 543-2380

MISSISSIPPI
Christine Barham
Bonita Lake Mall
1390 Bonita Lake Circle
Meridian, Mississippi 39302
(601) 485-8838

Jessie Wu and Richard Sun
Barnes Crossing
1001 Barnes Crossing Rd, #613
Tupelo, MS 38801
(662) 840-2733

NORTH CAROLINA
Rui Liu
The Streets at Southpoint
6910 Fayetteville Rd, Space 5620
Durham, NC 27713
919 659-5638

Tim Rice/Twister Rice, Inc.
316 Jacksonville Mall
Jacksonville, NC 28546
(910) 355-6918

Michael Chen
Golden East Crossing
1100 N Wesleyan Blvd., Suite K3502
Rocky Mount, NC 27894
(252) 212-0162

OHIO
Andy Chen
Kenwood Towne Centre
7875 Montgomery Road
Cincinnati, Ohio 45236
(610) 570-3761

SOUTH CAROLINA
Susan Sun
Anderson Mall
3131 N. Main Street, Space D55
Anderson, SC 29621

(917) 674-7847

Peter Lin
Citadel Mall, #B2-40
2070 Sam Rittenburg Blvd.
Charleston, South Carolina 29407
(843) 556-7774

Peter Liu
Magnolia Mall
2701 David McCleod Blvd
Florence, SC 29501
(843) 202-8002

VIRGINIA

Samuel Wang
Patrick Henry Mall
12300 Jefferson Avenue, Suite K004
Newport News VA 23602
(757) 575-5108

Samuel Wang
Lynnhaven Mall
701 Lynnhaven Parkway
Lynnhaven Mall, Space #5531
Virginia Beach, VA 23452
757 275-5108

WASHINGTON

Christie Bae
1402 S.E. Everett Mall Way, #650
Everett, WA 9820
(425) 355-

LAST KNOWN ADDRESS AND TELEPHONE NUMBER OF FRANCHISEES THAT CEASED TO DO BUSINESS UNDER THE SYSTEM WITHIN THE LAST 12 MONTHS

Bob Gonzalez Sr
Westfield Mall
1674 West 49th Street #1412
Hialeah, Florida 33012
(305) 362-8473

Bill Guo/Eva Enterprise, Inc.
Burlington Mall
75 Middlesex Turnpike
Burlington, Massachusetts 01803
(781) 221-0499

Mickey Vernon (closed in 2021)
Berkely Mall
613 F Berkely Blvd
Goldsboro, NC 27534
(919) 751-9565

Sandy Chu (Transfer)
The Streets at Southpoint
6910 Fayetteville Rd, Space 5620
Durham, NC 27713
919 659-5638

Matt Burnett (Transfer)
Shop at Wiregrass
28230 Paseo Drive, K3
Wesley Chapel, FL 33543
(215) 970-6573

EXHIBIT D

TO MR. TWISTER PRETZELS, INC.
DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Mr. Twister Pretzels, Inc. (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a "Pretzel Twister" franchised retail bakery. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Yes _____ No

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes _____ No

If no, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No

4. Did you sign a receipt for the Disclosure Document (UFOC) indicating the date you received it?

Yes _____ No

5. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the UFOC?

Yes _____ No

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

6. Have you discussed the benefits and risks of operating an "Pretzel Twister" retail bakery with and attorney, accountant, or other professional advisor?

Yes _____ No

7. Do you understand that the success or failure of your "Pretzel Twister" retail bakery will depend in large part upon your skills and abilities, competition from other retail bakeries, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No

8. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits or operating costs of "Pretzel Twister" retail bakeries operated by the Franchisor or its Franchisees?

Yes _____ No

9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the "Pretzel Twister" retail bakery?

Yes _____ No

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the "Pretzel Twister" retail bakery will generate?

Yes _____ No

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the "Pretzel Twister" retail bakery that is contrary to or different from, the information contained in the UFOC?

Yes _____ No

12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an "Pretzel Twister" retail bakery?

Yes _____ No

13. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the UFOC?

Yes _____ No

14. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No

15. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No

16. If you have answered "Yes" to any one of questions 10-15, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of questions 10-15, please leave the following lines blank.

Please understand that your responses to these questions are important to us and that we will rely on them. Nothing contained in this Questionnaire shall act as a release, estoppel or waiver of any liability incurred in the Maryland Franchise Registration and Disclosure Law.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

_____

EXHIBIT E TO DISCLOSURE DOCUMENT

STATE LAWS
FOR RESIDENTS OF THE STATE OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The Department of Commerce and Consumer Affairs requires the following disclosures to be made:

With respect to Item 17, see the Hawaii Addendum for changes to the Franchise Agreement affecting the termination and renewal provisions.

FOR RESIDENTS OF THE STATE OF ILLINOIS

For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act governs.

Although the Franchise Agreement requires litigation to be instituted in a court in Florida, all litigation must be instituted in Illinois.

FOR RESIDENTS OF THE STATE OF MARYLAND

Notwithstanding any provisions in the Franchise Agreement to the contrary, any claims arising out of the Maryland Franchise Registration and Disclosure Law may be brought within the State of Maryland.

Pursuant to COMAR 02.02.08.16L of the Maryland Franchise Registration and Disclosure Law, a general release required as a condition to renewal, sale, and/or assignment/transfer of a franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

No release, or waiver of liability by a franchisee as a requirement to purchase a franchise shall constitute a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

This Appendix amends the disclosures set out in Item 17 of the Disclosure Document, with respect to franchisees in Maryland.

Virginia State Law Appendix

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Mr. Twister Pretzels, Inc., for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-654 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in a 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.

EXHIBIT F

TO MR. TWISTER PRETZELS, INC.
DISCLOSURE DOCUMENT
SCHEDULE OF STATE ADMINISTRATORS AND AGENTS AUTHORIZED TO RECEIVE SERVICE OF PROCESS

California

Agent for Service of Process and Agency for Franchise Inquiries
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(619) 525-4044

Hawaii
Department of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Franchise Division
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

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

Maryland
Maryland Office of Attorney General, Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7044
In the state of Maryland, we have designated the Maryland Securities Commissioner, at the above listed address, as our registered agent authorized to receive service of process in Maryland.

Michigan
Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Minnesota Dept. of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York
Administrator
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

Agent For Service:
Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

North Dakota
Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 224-4712

Rhode Island
Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 277-3048

South Dakota
Division of Securities
c/o 118 West Capitol
Pierre, South Dakota 57501
(605) 773-4013

Virginia
Agent For Service of Process
Clerk of the State Corporation Commission of Virginia
1300 E. Main Street
Richmond, Virginia 23219

(804) 371-9051
Inquiries About Franchise Matters
Securities and Retail Franchising Division
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Washington
Dept. of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(206) 753-6928

Wisconsin
Securities & Franchise Registration
Wisconsin Securities Commission
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

STATE 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:

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	January 6, 2023
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	November 17, 2022
Washington	
Wisconsin	

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

ITEM 23
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 Mr. Twister Pretzels, Inc offers you a franchise, it must provide this disclosure document to you at least 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 law requires that a franchisor provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Mr. Twister Pretzels 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

Pretzel Twister's authorized agents for service of process are listed in Exhibit F. Our franchise seller is Bobby Wang, who can be reached at (919) 387-8929, at 3705 Mason Road, New Hill North Carolina 27562.

The Issuance Date of this Disclosure document is May 11, 2023.

I have received a copy of the Disclosure Document of Mr. Twister Pretzels, Inc., dated May 11, 2023, including the Franchisor's audited financial Statements as of December 31 2022, December 31, 2021, December 31, 2020 (Exhibit "A"), the standard Franchise Agreement (Exhibit "B"), a List of Franchisees as of December 31, 2022 (Exhibit "C"), a copy of a Compliance Questionnaire (Exhibit "D"), a state law addendum (Exhibit E), and a Schedule of State Agencies (Exhibit "F")

_____	_____
Witness	Signature of Prospect
_____	_____
Date	Printed Name

_____
Address

PLEASE SIGN AND DATE THIS PAGE AND KEEP IT FOR YOUR RECORDS

ITEM 23
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 Mr. Twister Pretzels Inc offers you a franchise, it must provide this disclosure document to you at least 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 law requires that a franchisor provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Mr. Twister Pretzels 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

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_____ _____

Witness Signature of Prospect

_____ _____

Date Printed Name

_____

Address

PLEASE SIGN AND DATE THIS PAGE AND RETURN IT TO PRETZEL TWISTER